



**Tourism in crisis: Managing people in crisis,  
a case from Iceland during the COVID-19 pandemic**

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2021**



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60 ECTS thesis submitted in partial fulfillment of a  
*Magister Scientiarum* degree in Tourism Studies

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Reykjavik, February 2021

Staff Management in time of crisis- COVID-19 pandemic and the case of Iceland  
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Bibliographic information:

Florentina Tudoran, 2020, *Staff Management in time of crisis- COVID-19 pandemic and the case of Iceland*, Master's thesis, Faculty of Life and Environmental Sciences, University of Iceland, pp. 77.

Printing: Haskólaprent  
Reykjavik, Iceland, February 2021

# Abstract

The theory indicates that crisis are a reoccurring events across all sectors of industries and crisis in tourism always seem to be happening around the globe. Crises are characterized by unpredictability, as hard to control events and unfolding at fast pace but crisis management through planning can mitigate and minimize the effect of a crisis on the organization and the employees. The crisis management planning, internal communication and the wellbeing of the people of the organization should be the focus of management teams in time of crisis the theory suggests. The research tries to investigate if through the first wave of COVID-19 pandemic any crisis management planning was used in regards to staff employment and how the internal communication during a crisis was perceived by the employees.

Semi-structured interviews, as qualitative research method, were used for this study; the respondents of the interviews were individuals with extensive experience in the hospitality industry and had years of experience in Iceland. The findings indicate that the organizations had no crisis management planning and the decisions and measures were taken with short notice following government response to the COVID-19 pandemic. The employees perceived communication as missing, hectic and unreliable. The COVID-19 pandemic and the crisis for tourism industry by the impact and length cannot be compared with any theory in crisis management. The management team measures and solution in Iceland points forward that the Icelandic government steered the organizations response during the crisis.

**Keywords:** Crisis management, Internal Communication, COVID-19 pandemic, Tourism, Iceland.

## Útdráttur

Kenningin gefur til kynna að krísur séu síendurteknir atburðir í öllum greinum atvinnulífsins og þær sem tengjast ferðamannaíðnaðinum virðast eiga sér stað með reglulegu millibili um heim allan. Krísa er skilgreind sem stjórnlausum og ófyrirsjáanlegum viðburði sem erfitt er að eiga við sökum hraðra atburðarása. Hinsvegar, með áætlanagerð í krísustjórnun getur stofnun lágmarkað afleiðingar krísanna og dregið úr áhrifum þeirra á starfsfólk. Kenningin er sú, að á krísustundum eiga helstu áherslur að vera lagðar á áætlangagerðir í krísustjórnun og innri samskipti ásamt því að gæta að hag starfsfólks. Rannsókinin reynir að greina hvort að fyrirtæki hafi nýtt sér áætlangagerðir krísustjórnunnar í þágu starfsfólks á meðan fyrstu bylgju COVID-19 heimsfaraldursins stóð. Einnig skoðar rannsóknin hvernig starfsfólk skynjaði samskiptin og upplýsingagjöf innan stofnanna. Þessi rannsókn notast við eiginlega rannsóknaraðferð og hálf-skipulögð rannsóknarviðtöl. Viðmælendur eru einstaklingar með viðtæka reynslu til margra ára í þjónustuiðnaðinum á Íslandi.

Niðurstöður benda til þess að stofnanir hafi ekki haft undir höndum fyrirfram undirbúna verkferla í krísustjórnun og að fyrirvarlausar ákvarðanir og aðgerðir hafi fylgt í kjölfar viðbragða stjórnvalda við COVID-19 heimsfaraldrinum. Starfsfólk fyrirtækja upplifði takmarkað upplýsingaflæði og að þær litlu sem hafi fengist hafi verið samhengislausar og óáðreiðanlegar. Áhrif COVID-19 faraldursins á ferðaþjónustuiðnaðinn og langvarandi afleiðingar þeirra eru ekki samanburðarhæf við neinar kenningar í krísustjórnun. Ráðstafanir og lausnir íslenskra stjórnenda gefa það til kynna að skipulagning og viðbrögð á krísustundum hafi alfarið verið undir stjórn íslenska ríkisins.

**Lykilorð:** Krísustjórnun, Innri samskipti, COVID-19 heimsfaraldurinn, *Ferðaþjónusta*, Ísland

*Dedication*

*I would like to express my sincere gratitude to my supervisors Magnús Haukur Ásgeirsson and Íris Hrunn Halldórsdóttir for their time, guidance, support, immense patience and not letting me to give up.*





# **Student's Declaration**

I, Florentina Tudoran, hereby confirm, that this thesis is my own work and has not been submitted to any other institution or university other than the University of Iceland. The has been conducted by myself as a result of my own investigation; sources are referenced in the text and are part of the Bibliography section.



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# 1. Introduction

The COVID-19 virus first appeared in December 2019 in China. Just two months later, countries all around the world reported cases of COVID-19. As a result, on 11 March 2020 The World Health Organization (WHO) declared COVID-19 a global pandemic (Farzanegan Gholipour, Feizi, Nunkoo & Andargoli, 2020). The pandemic has had devastating impact on the global economy. The long term economic, social and psychological effects are still to be seen and evaluated. All sectors of industries had been affected in one way or another and world economies are already reporting lower gross domestic products (Donthu & Gustafsson, 2020).

The tourism industry in crisis is largely debated and many articles have been written about it and the crisis management. The crisis in the tourism industry can be caused by the economic crisis (2008 economic crisis), political instability (Arab spring), natural disaster as hurricanes, tsunami, flooding (Maldives), terrorism attacks (Bali terrorism attacks), epidemics (SARS). In this instance regions, destination or countries are affected by the crisis and see reduction in the number of international tourist arrivals (Gössling, Scott & Hall, 2020).

The COVID-19 pandemic has caused unprecedented effect on all sectors of industries but with international travel restrictions in place and closed borders the tourism system suffered one of the largest impact. If in 2019 the academic world was debating and theorizing the effect of over tourism in present 2020 we have the phenomena of non-tourism (Gössling et. al, 2020).

In the beginning of year 2020, starting with February more specifically March until May the tourism industry started to experience plummeting numbers in air traffic, number of visitors and hotels or restaurants bookings, as a result hotel, travel agencies and restaurants had been forced to dramatically reduce operations or even close their doors temporarily. Most of the companies did not have sufficient information or knowledge to plan for the foreseeable future or even next weeks. Some destinations had received a few visitors over the summer when restriction had been lifted or eased. According to United Nation Tourism World Organization (UNTWO, 2020) the international tourism arrival numbers fell in June 2020 by 93% comparing to June 2019 the statistic for the first half of the year 2020 indicated the international tourism arrival dropped by 65%; these numbers are astonishing if the usual crises in tourism according to the same agency would have been a global increase of less than 2% between years in international tourism arrivals (UNTWO, 2009). The tourism industry in the world counts for one in ten jobs (UNWTO, 2019) and the hospitality industry is one the most important elements for the act of traveling to happen but with the collapse of the tourism industry the long term effect of this crisis are yet to be seen, the impact might affect not only the hospitality industry but the national economies and other branches or industry that are correlated indirectly with the tourism system (Morel, Wittwer, Gämperle & Leung, 2020).

The COVID-19 pandemic created a crisis of unprecedented magnitude for the global tourism industry;

this pandemic brought a tourism industry to a standstill at least for the months of April up to late May. In the beginning of summer when countries started to ease the restriction, air traffic started to increase and travel confidence began to be rebuilt, a few destinations received international visitors (Ex: Spain, Greece, Iceland). In Iceland the campaign Ferðumst Innanlands brought some Icelandic tourist to the country side over the summer months, Icelanders not having the confidence to travel in their usual destination turn to Iceland and together a few international visitors they brought some revenue to the country side of Iceland.

The first wave of the COVID-19 pandemic started to be felt in Iceland in the end of February and by March the hotels occupancy rates were dropping at alarming rates and air traffic was heavily reduced (Icelandic Tourism Dashboard, 2020). The COVID-19 pandemic and the time span that it took to unfold globally surprised the western world and the hospitality industry was not prepared to face a crisis of such magnitude. All tourism sectors were operating at their normal capacity fully staffed and they did not expect that in a matter of days or weeks their industry would come to an almost halt. The workers in the hospitality industry are considered to have a lower pay and job security is not guaranteed, furthermore the foreign workers in this industry sometime are exposed to inequalities (Baum, Mooney, Robinson & Solnet, 2020). Iceland was not an exception so at the begging of March the tourism business saw their operation drastically reduced but they were still having the same number of the staff.

The research question shall be:

RQ 1: What were the management team measures in terms of staff employment and planning during the first wave of the COVID-19 pandemic?

RQ 2: How employees perceived the communication from their managers during the COVID-19 pandemic?

The research of this thesis will investigate if the management team had a plan or a strategy for a crisis situation for the staff management and what guided the majority of measures and decisions during the first three months of the COVID-19 pandemic (March- June).

The research will assess the perception of the employees in regards to the internal communication during the crisis and more specifically in the first wave of the COVID-19 pandemic, if the company still have to nurture and protect their employees or do the staff have to prove flexibility and adjust to the company needs.



## **2. Literature review**

This chapter presents the main topics of the thesis and the theory that connects the thesis with the research question. The theory presents the main characteristic of the crisis but focuses on crisis management in the hospitality industry. Internal communication is part of a crisis management strategy. The study investigates communication during a crisis and presents these concepts in more depth together with human resources (HR) and employee wellbeing. The concepts of HR and employee wellbeing form subchapters of this thesis, and both are presented from a general perspective as well as from the role they play in a time of crisis. As the subject of this thesis and research is the COVID-19 pandemic and the employees in Icelandic hospitality industry, a brief summary of Icelandic tourism before and after the pandemic crisis comprises a subchapter of the theory chapter.

### **2.1 Crises**

Crisis management across industry sectors has received a fair amount of focus in academic literature theory (Faulker, 2001; Mitroff, 1994; Penrose, 2000; Hosie, 2006; Hall, 2010). Any company can experience a difficult situation in the form a disaster or unexpected situation. Pauchant and Mitroff (1992:15) define a crisis as a “disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core.” Faulkner (2001) makes the distinction between a crisis and a disaster if (a) the cause originates from within or outside the company and (b) there is power to control or mitigate the event that caused the disruption. In a crisis, “the root cause of an event is, to some extent, self-inflicted through such problems as inept management structures and practices or a failure to adapt to change,” whereas during a disaster, “an enterprise...is confronted with sudden unpredictable catastrophic changes over which it has little control” (Faulkner 2001, p.136).

According to Seitel (2011), a crisis is a “situation that has reached a critical phase for which dramatic and extraordinary intervention is necessary to avoid or repair major damage” (p. 417). When crises occur, there are usually indications that a serious situation is unfolding, whereas are crisis that cannot be foreseen accurately, such as the impact and length of the current COVID-19 pandemic. Second, insufficient or misleading information can amplify the effects. Early on in the COVID-19 pandemic, international media and websites provided incorrect, misleading and/or incomplete information, confusing their audiences at the worst possible time. Third, an indication of a crisis is the escalation of events leading up to the crisis; COVID-19 spread globally in a matter of weeks without the capacity to avoid or control it to a large extent. Fourth, loss of control is a factor that defines organizations or companies who are affected by a crisis; furthermore, companies affected by a crisis are unable or greatly inhibited to run their operations, often resulting in unaccountable economic consequences. The fifth potential characteristic of a crisis is increased scrutiny, which means that various types of institutions or individuals, such as politicians or public

figures, begin to influence the management of the crisis. A debate has been present across international media about government interventions on tourism through implementing travel restrictions. The sixth element of a crisis is the siege mentality, which occurs when the government takes defensive measures, such as travel restrictions and social distancing rules. The final and seventh element that defines a crisis is panic; the general population is often affected by fear or insecurity, resulting in any response or decision taken by the company becoming even more difficult or meaningless. In the light of these seven elements, it is necessary for companies or organizations to plan for such an event to be better equipped to deal with a crisis situation rebuild trust between employees and clients (Seitel, 2011).

Financial crises, natural disasters or political instability greatly affect smaller countries, especially those dependent on international tourist arrivals. The commodification of travel and affordable air traffic has contributed to the phenomenon of international tourism, and many countries have recently become dependent on the tourism system. Consequently, a disturbance in the tourism market in the form of a crisis can have high economic implications. With affordable airplane tickets and vacation packages, the financial gains from more people traveling is precarious given the abrupt and unexpected possibility of a lurking crisis (Hall, 2010).

Previous crises in the tourism industry have shown that tourists tend to have a short memory and will return to a tourist destination; once time has passed and no existing threat remains, tourists regain the confidence to travel again (Hall, 2002). Limitations on the arrival of international tourists have proven to be brief if the crisis management is handled efficiently, the cycles of the crisis have concluded, the disruption has passed or been forgotten and a country's success has been conveyed to potential travelers through marketing strategies (Pforr, 2006). The COVID-19 pandemic is ongoing and has no end in the foreseeable future. While previously a destination affected by a crisis could be substituted with an unaffected region or destination, the COVID-19 pandemic offers no or extremely limited options to international travelers. Furthermore, travel has become burden by safety and health regulations with new rules and restrictions for certain citizens as well as the uncertainty of planning for the long term, long term being redefined in the context of this crisis as one to two months ahead (Zheng, Lou & Ritchie, 2020).

The world is interconnected, and with high mobility, a crisis in one part of the world can affect other regions as well; no one country can fully cut itself off from the rest. Furthermore, due to high density, massive industrialization, high consumption rates and intensive agricultural practices, crises in the form of natural disasters or epidemics appear to be occurring more frequently than before (Ritchie, 2003). Businesses and employees are both affected by crises. Businesses that lose income can barely fund their daily operations, and as a result, employees can face insecurity, fear over losing their income, a stressful work environment and difficulty performing their daily tasks as their routine might be affected by the crisis. Furthermore, the loss of income could lead to companies laying off employees (Anderson, 2006). Crisis management researchers recommend that managers and HR professionals constantly inform employees to minimize their natural stress and uncertainty. Because uncertainty is the primary element for staff during a crisis, the response of the management team and open communication channels are crucial to the employees' future reactions and adaptability to the decisions and measures of their company or organization (Mazzei & Ravazzani, 2011). During a crisis, companies adjust for lower operations and cash flows partially by reorganizing their staff. Shifting employees and resources to account for changes can

affect employee morale, but this can be partially countered by performing crisis planning during stable times (Anderson, 2006). A profit-centered company or organization always acts in the best interest of the company, even if it risks losing talented and loyal employees by failing to protect them in the event of a crisis. Companies thus have the opportunity to establish goodwill and trust with valued employees by offering them protection. In a crisis, companies, organizations or corporations retain a public profile and image that might be affected in the future by the decisions they take regarding their staff (Montani, Perez, Giorgi & Shoss, 2019). Even with the best of intentions and circumstances, the challenges of a crisis can never be fully predicted in time. The COVID-19 pandemic unfolded quickly, the negative consequences were underestimated, the unemployment rate exceeded expectations and some jobs could not be performed remotely, leaving many without a steady source of income. Those who were most affected were young populations in low-income jobs (Mayhew & Anand, 2020).

## **2.2 Crisis management**

Crisis management has been given various definitions, but the most accepted and referenced in crisis management theory are those proposed by Santana (2004) and Pearson and Clair (1998). According to Santana (2004), crisis management is composed of the measures, managerial decisions and tactics that organizations adopt and try to implement to avoid or minimize the effect of a crisis on the entire organization. The primary focus of crisis management is to prevent the crisis from occurring or lessen its impact on a company's operations, cash flow and employees' livelihoods and jobs. Pearson and Clair (1998) propose the following definition of crisis management:

[it] involves minimizing potential risk before a triggering event. In response to a triggering event, effective crisis management involves improvising and interacting by key stakeholders so that individual and collective sense making, shared meaning, and roles are reconstructed. Following a triggering event, effective crisis management entails an individual and organizational readjustment of basic assumptions, as well as behavioral and emotional responses aimed at recovery and readjustment. Ambiguity of cause, effect, and means of resolution of the organizational crisis will lead to disillusionment or loss of psychic and shared meaning, as well as to the shattering of commonly held beliefs and values and individuals' basic assumptions. During the crisis, decision making is pressed by perceived time constraints and colored by cognitive limitations. (p. 61)

According to Martens, Feldesz and Merten (2016), the definition of crisis management is linked to the definition of a crisis as temporal or by nature; temporal as in potential, latent or acute crisis and by nature as in natural or human induced crisis. Crisis management can be defined by its function or by the temporal aspect. The temporal aspect, according to the authors, divides crisis management into proactive and reactive and shares the same characteristics of the proactive and reactive crisis (Martens et al., 2016). Despite this, there is no generally accepted definition of a crisis due to the various forms a crisis can exhibit themselves, making it difficult to produce one definition that fits all types (Hosie, 2006). From the functional perspective, crisis management can be defined as an institution or a function. As an institution, crisis management is the departments or decisional groups tasked with designing an action and response plan to the crisis; depending on the size of the company, crisis management can also be outsourced to specialized institutions, a practice that is used in larger international corporations. As a function, crisis management refers to the decisions, measures or solutions applied across the company. The measures can include readjusting company operations, implementing new protocols or reshaping job and task descriptions for employees (Martens et al., 2016).

According to Faulkner (2001) tourism industry and communities are interlinked and one cannot exist without another, furthermore the social-political environment can influence the success of crisis management strategy. The local communities, stakeholder groups and governmental organization should be all involved and considered in the crisis management strategy. Crisis management can be divided in stages so a better strategy to crisis situation can be tailored and achieved. The prevent stage where a crisis can be intercepted or mitigated, the prodromal stage when the crisis became imminent and unavoidable, the emergency phase when the crisis are unfolding and the effect are being felt and the negative consequence are trying to be attenuated. The fourth stage is the intermediate phase when short term repercussions over communities are being address and remediated, the next stage is long term stage where long term recovery is planned and acted upon and the last stage the resolution where knowledge from the crisis is drawn and the pre-crisis condition are attained.

Crisis management is usually carried out by top management teams. Crisis management has as a characteristic that the decisions and measures would not have been encountered as a managerial solution if the company operations were not affected by the unexpected event. Because crises are unordinary events, in consequence the managerial or company approach might be seen as risky or unprecedented. The decision making process in time of crisis might be different if compared with the decision making process in the normal business environment where they process is more strategic, based on studies, business metrics and verified knowledge or information (Bonn & Rhundle-Thiele, 2007). The decisions made by crisis management teams are often based on rapidly updating and changing information. These decisions are solutions that change work environments or operational circumstances; however, they can become outdated because crises evolve rapidly and newly formed plans may cease to fit the problems businesses and people are encountering (Waller, Lei & Pratten 2013). It is important that a company has a plan in place to be better equipped in the event of a crisis or other unforeseen events. This plan is part of the organization's crisis management, which would be effective if the company is able to continue operations, minimize revenue losses and reconvene and analyze what worked and what did not work well for future crises (Pearson & Clair, 1998). Planning requires a company to prepare for crisis situations

and conditions during stable times without being able to predict the time, place, scope or duration of a future crisis (Hosie, 2006).

According to Pearson and Clair (1993) crisis management strategy should be regarded a complex task and when creating such strategy, the crisis management team should consider many variables that can affect the crisis management approach. The authors identify four major categories of variables that can influence the crisis management approach: first variable being the type of crisis as in economical, human caused, reoccurring or severe as in natural disaster. Another variable the phases of the crisis and for the phases of detection, prevention and preparation, mitigation, recovery and learning the management team should have a different strategy. Third variable of crisis management strategy is the organizational systems and other systems that can induce and ward off a crisis and the interaction between them. Last variable the stakeholder that can influence and/or be affect by the crisis management. No crises are alike and the crisis management approach should be adapted to peculiarities and variables and the planning should not be confined but flexible and pliable to many outcomes.

Effective crisis management proposes two major approaches for dealing with a crisis within an organization or even a country: the proactive approach and the reactive approach. The proactive approach considers risk factors and prepares the company through planning, training and financial instruments (Pauchant & Mitroff, 1992). As the names suggests, the reactive approach to crisis management is a post-crisis intervention in which the company tries to counter, minimize, control and, if possible, undo the effects of a crisis (Sausmarez, 2004). The reactive approach often focuses on public relations strategies and marketing campaigns once the crisis has passed and the destination returns to a pre-crisis or normal state with no visible or existing threats. Oftentimes, the social ramifications for a community are neglected while the wellbeing of the business community takes priority (Mair, Ritchie & Walters, 2016). For both approaches, timeliness in crisis management is crucial. A delayed response might result in the loss of a company's financial footing at the worst possible time; from the perspective of the employees, a slow corporate response can affect their productivity, foster uncertainty and higher stress and result in a loss of trust in a company and its leadership (Pearson & Clair, 1998).

Companies or organizations should have a proactive approach in the event of a crisis since planning prepares employees and businesses for adverse conditions. Ideally, when a company is prepared for a crisis, disruption will be lessened (Hosie, 2006). Climate change events and natural disasters, such as hurricanes, earthquakes and extreme temperatures, appear to have occurred with greater frequency in the last decades, so organizations need to acknowledge that a crisis might occur and develop a strategic approach to crisis management. The tourism system is complex and overlaps into various other sectors, such as hospitality and government services; therefore, an integrated approach between the stakeholders is needed (Ritchie, 2008). Regardless, no amount of planning for crisis management can fully address the highly unpredictable and unique nature of crisis that have never occurred before. Managers can study the '4R' approach (reduction, readiness, response and recovery), but the effects of a tsunami on businesses are much different than those of a viral pandemic. Thus, any one plan is limited to addressing one crisis (Evans & Elphick, 2005).

Crises affect operations and employees alike. Hosie (2006) argues that companies undertaking a proactive approach should consider an HR development initiative, specifically a plan for the recovery phase. A successful response to a crisis is also defined by the HR policies that are developed as contingency plans in the event of circumstances that cannot be control by the management team or regular management tools or measures. The recovery phase should prepare strategies for the HR development. Through this practice, the impact of the crisis on the employees should be lessened, and their productivity will not be as impacted as if a proactive approach and recovery phase were not planned as part of the crisis management planning. By having a proactive approach and a recovery phase in place, employees should be less affected emotionally and could exhibit greater flexibility regarding the restructuring of company operations or the reassignment and reevaluation of their job-related tasks inside the organization (Hosie, 2006).

The proactive approach cannot be only one company's strategy for crisis management. Optimally, the entire industry should prepare for a crisis in conjunction with government bodies to create a unified strategy through which the impact of the unfolding crisis is not shouldered by any one company. Additionally, health and safety concerns and programs, such as temporary housing and search and rescue operations after an earthquake, should be delegated to government bodies who are uniquely prepared for such a situation. Coordinated troubleshooting with different stakeholders benefits all parties, and in the tourism industry, the last image a community or highly traveled area wants people around the world to associate it with is health and safety hazards. An emergency coordinated and planned response is equally important for the health and safety of tourists and staff members and should be part of any proactive crisis management planning (Hystad & Keller, 2008)

The reactive approach to a crisis is the response of organizations after the crisis has occurred or during the crisis to minimize the effect the event and restore the organization's operations partially or to pre-crisis levels. Companies that are more likely to use a reactive approach are those that focus more on financial gains or losses rather than on employee wellbeing, but the result is still decreased profitable. This illustrates that treating employees well and focusing on their wellbeing rather than on financial gain can be beneficial to companies in the long run. The reactive approach is sometimes seen as a recovery stage from the perspective of the HR departments. The reactive approach solutions at times are not well designed, are seen as chaotic and bring either confusing or delayed messages to the employees due the fact the organization did not have a strategic management approach (Hosie, 2006).

The reactive approach has been applied as a managerial approach for Southeast Asian crisis. Various case studies and reports have focused on government and organizational responses to terrorism attacks, natural disasters, the severe acute respiratory syndrome (SARS) epidemic and political instability (Gurtner, 2016; Carlsen, 2006; Au, Ramasamy & Yeung, 2005; Saha & Yap, 2014). In many cases, the reactive approach consisted of collaboration, coordination and communication between the government approach and key stakeholders. No crises are alike, even when the trigger event is the same (e.g., a natural disaster or terrorism). The sociocultural, economic and political environment can greatly influence the response, adaptability or recovery from such a disturbance in the tourism system. Recovery of the destination depends in many instances on marketing media's created image of the destination's response to the crisis and the recovery process, and this image plays a key role in establishing tourists' trust and confidence to

return (Backer & Ritchie, 2017). Because crises do not follow the same pattern, the approach to a crisis needs to be customized according to the actual crisis rather than part of a fixed prepared plan. Different countries, regions, governments and organizations will have different reactive approaches to the same type of crisis. Comparing the recovery and mitigation of the crisis through case studies can help professionals build a better response to future disruptions to the tourism or hospitality sectors. The reactive approach often constitutes government assistance programs and social packages and government or national marketing campaigns (e.g., Ferðast Innanlands). Government and organizational responses to a crisis are shaped by the government's emergency planning and guidance (Pforr, 2016). The national tourism agency and government support are crucial in the recovery phase as part of the reactive approach, and these agencies need to involve and inform smaller organizations and companies to restore the image of a destination. Smaller companies and groups of stakeholders in the tourism industry must make common efforts to rebuild the image of a destination to consolidate the attractiveness and safety of a region (Hystad & Keller, 2006)

Crises are complex and unprecedented events that need to be addressed accordingly. Due to the disruptions they cause, companies should form special crisis management teams so they can develop a plan to tackle the crises. Waller et al. (2013) recommend that crisis management teams should be a permanent department for larger organizations. In the case of smaller companies, such teams, often formed from top managers, should be created to achieve better planning for a crisis response. Crisis management teams play a crucial role in preparing, preventing, containing and controlling crises. Crisis management teams are responsible for crisis planning and preparation and should inform and train the internal stakeholders as well as develop different strategies to manage the crisis effectively. For the damage control phase, the crisis management teams should have a unified and timely response to resolve the crisis (Waller et al., 2013).

### **2.2.1 Previous crises in tourism as case studies**

Disasters, natural calamities or biosecurity threats that result in crises in the tourism industry appear to have experienced a higher recurrence in recent decades. Research suggests that the cause of such events can be linked to overpopulation and climate change (Gössling et al., 2020). The COVID-19 virus is not the first outbreak of a highly contagious disease. A crisis that bears some similarities to the COVID-19 pandemic is the SARS epidemic that primarily, but not exclusively, affected the Chinese, Hong Kong and Singapore tourism industries. The SARS crisis affected not only the tourism industry but the entire Chinese economy as well; the GDP increased 3.2% less compared to the previous quarter of 2003. While it mostly affected China, the SARS epidemic also had a disastrous impact on other regions and countries, even those that reported no SARS cases. This impact was due to the negative media communication about the virus. Countries reacted with individual measures put in place as an emergency response (a reactive response), but there was no international organized response, measure or set of safety and health regulations. The countries' reaction was caused partly by the travel advisory issued by the World Health Organization (WHO,

2003). The WHO could not have imagined or estimated the economical and psychological consequences of the travel warning (Mckercher & Chen, 2004). Small, medium and independent businesses and tourism agencies were affected most negatively by this crisis. As a solution to the SARS crisis, which was short lived, global organizations proposed a more sustainable tourism concept, a new tourism recovery approach that would not lead to the overuse of natural habitats and resources. Another proposal suggested that crisis management approaches should not only focus on the tourism sector but also on other business branches seemingly independent from the tourism system (Zeng, Carter & De Lacy, 2005). Compared to the SARS epidemic, the COVID-19 pandemic's effect on the tourism industry has not been limited to one region or only some countries; rather, the majority of countries around the globe involved in tourism activities have seen a decline in tourism numbers and the collapse of the tourism industry. The tourism sector is unlikely to recover quickly because the solutions to containing and limiting the spread of the virus are social distancing rules and travel restriction bans (Uğur & Akbiyik, 2020).

As previously mentioned, crises in the global tourism sector are prevalent. A crisis in tourism can also be the result of a terrorism act. The infamous Bali attacks in 2002 and 2005 led to a drastic drop in international tourist arrivals for the following week and the following tourist season. Over the years, Bali recovered surprisingly quickly and now receives more visitors than before the attacks (Gurtner, 2016). The Republic of Maldives experienced a crisis in tourism that affected the entire country and not only a region of the country. Maldives' gross domestic product is highly dependent on the tourism system as tourism is the country's largest industry and job provider. The crisis in the tourism system was caused by a natural disaster, a tsunami during the peak Christmas season of 2004. The country recovered quickly and rebuilt the infrastructure and the trust of international tourists. This remarkable success was achieved because private tourism stakeholders and the government created and implemented a common management strategy (Carlsen, 2006). The tourism industry has proven to be resilient and able to recover after terrorism attacks and natural disasters. However, political instability seems to have a long-term effect on the tourism industry. The Middle East and parts of Northern Africa serve as an example since these regions have witnessed countless coups, civil wars and repeated small terrorism acts. As a result, they are considered unsafe destinations and no long-term tourism strategy can be achieved (Saha & Yap, 2014).

Once a disaster or biosecurity threat appears, the disruption cascades into many industries and systems. The tourism system is connected to and dependent on other sectors, such as aviation, distribution chains, entertainment, cultural attractions, infrastructure and communication technology (Huang, Makridis, Baker, Mederios & Guo, 2020). International travelers for leisure or business represent the primary revenue source for airlines, and with travel restrictions in place and borders closed, many airlines declared bankruptcy and requested government financial aid packages (Gössling et al., 2020). National governments of economies that depend on tourism lost a part of their taxes and government revenue, sporting events were canceled, and large retailers filed for bankruptcy (Donthu & Gustafsson, 2020). Chaos theory has been connected to the theory of tourism industry during crises. Disruptions in any industry whatever the cause (natural disaster, biosecurity threat or financial crisis) are characterized by a non-linear system, connection or development. The planning, preparedness or strategic management solutions for this type of situation are not exhaustive even if they are based on knowledge gained from previous events or similar situations; crises do not follow a pattern and to great extent are dissimilar. Furthermore,



chaos to the tourism system is disruptive, unregulated and unpredictable and in the short term can cause panic and ineffective HR management solutions. In addition, companies are obligated in this type of circumstance to reevaluate their goals and strategies, be flexible and adapt quickly to the new business and natural environments (Ritchie, 2008).

## **2.3 Human resources**

HR departments are linked to activities such as training and staff turnover. As a growing emphasis is being placed on employee satisfaction, HR has begun covering all employee-related activities, such as staff division, training, evaluation, performance and communication. HR departments also creates effective communication channels across all organizational departments, especially in a world where information can spread and disseminate at a faster rate than ever before (Boateng, Okoe & Mensah, 2017). When it comes to a crisis situation, HR can address the needs of managers and employees by using stress management, change management, training and professional development (Reilly, 2008).

HR management has traditionally been used in relation to the personnel sections of organizations. As a department, HR is linked to activities such as hiring and reducing staff. As a growing emphasis is placed on the rights and satisfaction of the employees, HR departments are being required to deal with the staffing objective, which includes recruiting the right people for a specific position or job, designing organizational structures and determining the organization needs with regards to the staffing objective. Another important objective is the performance objective, which refers to the training process of employees and the evaluation of job performance. Furthermore, HR must develop and implement a reward system for progress and achievements. The third objective is change management, which refers to the flexibility and adaptability of the management team and its capacity to manage changes in the organization, changes that can come in a multitude of forms and must be implemented throughout the organization's departments. Finally, the fourth objective is the administration objective, which encompasses the administrative part of HR, such as keeping records of employees' personal data, attendance and vacation, and the accounting part of HR, including salaries, bonuses, taxes and pension funds (Torrington, Hall & Taylor, 2008).

The theory and knowledge of the impact of employees on the organization have evolved over time from personnel management through HR management to strategic HR management and development. This change has been gradual since personnel management was initially an entity to address anything related to a company's employees but later developed into HR management, which has become a specialized field that deals with employee factors within an organization. Employees are a part of the organizational structure, and a crisis response must sometimes overcome resistance to change and resolve a degree of conflict since a crisis situation may affect employees differently and result in problems and difficulties (Reilly, 2006; Vardarlier, 2016).

Managers must be able to lead their employees in a challenging situation, and they need to utilize HR knowledge and expertise to do so. Effective managers are more likely to keep their staff working in difficult situations by informing them of the tasks they must complete. This is especially important because employees are usually a valuable asset to a company due to their knowledge, skills and experience; through their work, they can help the organization achieve its goals in a crisis situation. Therefore, losing a valuable employee is the same as losing important knowledge, experience and expertise. The result can lead to a weaker market position, which can be negative, especially even more during a crisis. Retaining the most valuable staff members is one of the best ways to survive a crisis situation. One important aspect of this is for managers to continually support people in their work and actively show appreciation. Managers should be in constant close communication with their staff to inform them about organizational changes, assign them tasks and motivate them. Motivation is both crucial and challenging since employees have different personalities, and it can be difficult to find a means to motivate everyone during a crisis. One method managers can use to achieve these aims is to lead by example and engage the employees to minimize the damage and enable the organization to survive the crisis, as many organizations have had to do during the COVID-19 pandemic. It is important that the top managers or the management team possesses a certain degree of knowledge and training in HR and crisis management (Dirani, Abadi, Alizadeh, Barhate, Garza & Gunasekara, 2020).

A strategic approach to HR advocates the idea that the HR department should see beyond the department's administrative tasks and view the human component of an organization from a more humanitarian perspective as the people of a company are essential to the organization's productivity, crisis management response measures and recovery from the crisis. Employees should be part of the decision making process, and the organization's financial affairs should not be the primary objective. As a crisis unfolds, organizations form crisis management teams. Usually top or key managers are part of the new teams, and HR managers should be involved in the process of planning and executing the crisis response and recovery measures. A timely response to the crisis is essential because decisions and measures should be implemented swiftly across the organization, and HR should have effective communication tools. In a crisis, both the organization and the employees can experience losses. For employees, these losses can involve the loss of financial benefits, the loss of employment, the loss of future perspectives for job promotion, increased workloads, increased stress in the work environment and job insecurity. The role of the strategic HR management and crisis management teams is to mitigate the negative consequences not only for the company but also for the people of the company as they are one of the main resources of the company. The HR or management team should aim to reach a middle ground in its decisions and measures during a crisis. Employees are directly linked to the human capital of the organization and are vital to its economic performance since it is the employees who generate revenue, making them an important aspect of the organization's wellbeing. Organizational success can be achieved by implementing various aspects of management, such as organizing, planning, staffing and controlling (Vardarlier, 2016).

Planning, as a part of the HR department, is another topic put forward by the theory of HR development, but HR planning is rarely applied or considered fundamental by organizations. HR planning, along with considering employees' future job satisfaction and future staffing needs, as an organization can be affected by different events, such as shocks to the market, crises and

seasonality. HR planning should predict whether the organization needs to reduce or increase the number of staff and what future skills will be needed. The best advocate of why HR planning should be part of the strategic management is the perspective that the employee unnecessary and redundancy cost can be avoided (Saad, 2013). In a crisis situation, HR management is crucial to the decision-making process since it must consider the employees and can even encourage them to increase their performance to help the organization survive the crisis and become more devoted to the company. Employee morale and motivation is important, especially in a crisis situation, which makes the emphasis on the HR structure and crisis management even more important; a decrease in the overall moral of an employee in a difficult situation will further reduce productivity. Correctly or incorrectly responding to a crisis can also affect a company's reputation and image capital in the long run and thus its future market value (Vardarlier, 2016).

The process of crisis management planning should include the HR department and the organization's personnel; if the employees are prepared to face a crisis and are aware of the possible consequences of the crisis, it will translate to a better result and response to the organization's crisis management solution in the form of staff flexibility, adaptability and willingness to accept changes in their task or job descriptions or employment. Communication during a crisis should be constant, and messages should be clear and not create more uncertainty between staff members and their management team. Crisis management education should be part of proactive crisis management; crisis management education has the attribute that when a crisis occurs, employees are more prepared to face and adapt to the negative effects of a crisis and psychologically cope with the insecurities a crisis can bring (Penrose, 2000). A company's chances of surviving a crisis can be increased by strengthening the skills and expertise of its employees through training and even further increased by constantly educating key personnel. Training by the HR department to prepare staff for a crisis situation is important and can decrease the negative effects of a crisis situation (Vardarlier, 2016). Proactive crisis management should include a detailed plan of the new roles and responsibilities of all employees and managers. A key aspect of this system is HR management, which needs to include preparation for a crisis situation on an organizational and individual level and also needs to incorporate the skills, knowledge and experience of the employees to be successful. Without these skills and knowledge, companies are likely to experience an even more difficult period during and after the crisis (Hosie, 2006).

## **2.4. Internal communication during a crisis**

Communication during a crisis refers to how an organization communicates with its customers, partners, shareholders or the media. In a crisis, communication plays an important role in crisis strategy or the recovery stage and not necessarily as part of the HR department but as part of the communication and corporate affairs departments. Furthermore, for large organizations, communication strategy in a time of crisis is seen as part of public relations or media communication where the organization's efforts focus on providing a consistent message to the

outside entities to mitigate the damages and repair the public image of the organization (Seeger, Sellnow & Ulmer, 2003).

During a crisis, a company may experience disturbances in its operations to some degree for various reasons, and it is therefore important for companies to develop a crisis communication plan to reduce the impact of the crisis on the company and the spread of misinformation (Mirzarpour, Toutian, Mehrara & Khorrampour, 2019). Traditionally, company communication during a crisis illustrates how managers communicate and deal with external stakeholders as in individuals or institutions, often the media or authorities. Communication is seen as part of either corporate communication or public relations communication efforts (Frandsen & Johansen, 2011). Less is known about the internal communication that takes place between individuals within the company, often between employees and their managers. Internal communication depends on a certain structure to ensure that it is effective. This is important because a crisis can have a great effect on both the company and the employees, who may feel considerable unease due to the situation. For internal communication, it is important for companies to have a crisis management team and a crisis management plan to increase crisis preparedness, even though companies can never be fully prepared for a crisis due to its nature. If an organization is effective, it can in some cases nearly diffuse a crisis situation. This kind of organizational crisis management is viewed as a dynamic process with three stages: pre-crisis, crisis and post-crisis. Each stage can carry a different message for the employees, and communication must be active and ongoing. Studies have shown that the size of an organization plays a role in its capacity to prepare for a crisis situation due to the number of resources and means available to interact with its employees, such as intranet or internal mediation channels. Larger organizations are also more likely to have a fixed chain of command system for managers and supervisors to interact with their employees (Johansen, Aggerholm & Frandsen, 2012).

Internal communication can be vertical or horizontal. Vertical communication can be downward from management to employee or upward from employee to management. Organizations that have well informed and empowered employees can be more successful in delivering the communicated message. Downward communication inside an organization can be achieved by multitude methods, from e-technologies to traditional boards, printed messages and one-on-one messages, but the most important aspect is that the employees are well informed when changes occur. It is important that an employee possess either the same information as the customer or even more detailed and in depth information about the company and its operation. Upward communication is equally or even more important if the general employees are in direct contact with the guests or customers and are responsible for delivering messages or representing the company so they might pose important feedback for management team. Horizontal communication or communication between departments is difficult to achieve because different departments have different visions or missions. Horizontal communication should be achieved between different departments so that the employees receive the same core message and misinformation does not appear within the company. HR should be tasked with creating effective communication channels across the organization and across departments. The communication channels can be formal or informal, such as meetings, team building or workshops, technologies and interactive lectures (Wilson, Zeithamal, Bitner & Gremler, 2012)

Internal communication and employee engagement and trust in the organization are connected. Internal communication aims to introduce and reiterate information or create behaviors. Employees are a source of information, so the knowledge they possess about an organization, company, experience or product should be accurate and mirror the externally communicated message. The internal communication system plays a key role in an organization to deliver the correct message to the customer as well as to the employee (Kotler, Keller, Brady, Goodman & Hansen, 2009).

Internal communication is an important aspect in a company's operation; management teams need to have a structure to convey the goals or aims of the company and deliver messages to their employees. Employees need to be able to receive their goals and tasks in a clear manner to help the company achieve them, so the internal communication should have a platform for exchanging information within a company. Internal communication brings a certain knowledge factor since internal communication often increases the employees' knowledge of the company; furthermore, internal communication brings a social element since it takes place within the scope of human interaction. It is salient for managers to be aware of the employees' role in achieving organizational success, success that in many cases depends on internal communication, internal marketing and organizational communication (Ruck & Welch, 2012).

Certain elements are believed to be important to achieving effective internal communication. The management team needs to be clear about its decision-making process, and the information needs to be diverted to lower departments for the company to implement these decisions and measures. Another important element of the organizational structure is being able to ensure that the correct communication can occur at the correct moment, and a third element is the ability to convey the correct information. These are a few of the elements that managers need to consider to achieve effective internal communication (Borca & Baescu, 2014).

Borca and Baescu (2014) state that:

“organizational communication is seen as a technical—economic and social process that provides contact, data, information and knowledge exchange between the departments and units of an organization and its environment, with the motivation of organization, its employees and other related actors (including stakeholders) interests, requirements accomplished (attending objectives, get informed, attending performance, etc.). (p. 3)”

In a time of crisis, top managers' responses and messages are salient for the employees; a lack of responses or message can bring more insecurity, resulting in employees losing focus in their job assignments. An employee or staff member who has lost determination or focus or suffered a considerable reduction of his or her work assignment might be susceptible to mistrusting the company's ability to handle the crisis (Argenti, 2002).

A study conducted by Mazzei and Ravazzani (2011) in Italy in January 2009 after the financial crash showed that many managers interact to some degree with their employees through the media and official communication channels as opposed to directly and two-way open communication channel. The most of the employees involved in the study felt that internal communication had not

been present in the crisis to help them deal with the crisis situation. The managers in the study felt that the internal communication with their staff was truthful and complete as well as timely and continuous, which would not consist with the views of their employees, employees perceived that had more information through media coverage that at the time was focus on the financial crash. The study also illustrated that due to the uncertainty of the crisis situation, there appears to have been considerable misunderstandings between the employees and their managers, which might partly have been due to a lack of precision in the message delivery, so one of the challenges of crisis management is to communicate accurately to everyone involved (Mazzei & Ravazzani, 2011).

Communication during a crisis is important both internally and externally. For external communication purposes, organizations should have a planned or created pre-crisis website ready to launch since crises are unpredictable events that unfold quickly. An internet solution can allow companies to better counteract damages to their image capital and present the story from their perspective. Internal technology works in the favor of the HR team; intranet together with messaging, post boards and email represent a valuable source of information. These e-technologies can spread information quickly and accurately and can be customized to different groups or departments. One form of communication is intranet, which is a restricted communication channel that allows only staff member or stakeholders to access key information through an online platform. Intranet channels can be used by management and the HR team to communicate with team members and keep them informed throughout the crisis (Coombs, 2007).

Crises or changes in a company are usually highly emotionally charged events, and a company's people are often affected psychologically, which is reflected in dysfunctional work behavior and a loss of efficiency (Pauchant & Mitroff, 1992). Furthermore, if the company has layoffs, the feeling of anxiety and a loss of security, income and trust in the company can influence the remaining staff members. Communication and trust in the company's decisions play a key role in how the staff responds to a crisis and the corresponding measures taken. Traditionally, the HR department has not had to create contingency plans in the event of a crisis, but as companies are more exposed to risk in the form of terrorism attacks, natural disasters, pandemics and economic crises, a new approach to HR tasks has had to be considered. Future business development and recovery depends mostly on the employees and their capacity to absorb the shock of the crisis. The HR department has had to readapt and reinvent its practices as most of the time pre-crisis planning can only be applied partially, and to maintain flexibility, openness and rapid responses have proven to be paramount (Lockwood, 2005).

Leadership and HR development during a crisis, along with the strategy to make the business efficient, can minimize financial losses or reinvent the business model. Part of HR development's tasks during a crisis is to ensure the wellbeing of the staff and offer support during rapid transition times of job reassignments and modifications. Crises and the changes they bring unfold at a faster rate compared to the changes brought about by companies restructuring or changing ownership, so the HR department might not have prepared strategies or plans that can be applied in stages, and information might not be delivered in a timely manner to the people of the company. With this challenge, the HR department should create a link or better communication between people or general employees and the management team. The management team should be easily accessible, emphatic and show genuine care for the wellbeing of its staff members; the team leaders, even if

they do not always have the immediate correct response or strategy, still have the role to guide and inform their people, and an efficient HR can aid in the process of leading its employees (Dirani et al., 2020).

Internal communication serves the purpose of what is referred to as “sense making,” which means that it helps employees search for meaning. It is therefore important that the employees are given the correct information at the right time since they are likely to have access to other sources of information or misinformation through social networks. Incorrect information at the wrong time might worsen the effects of the crisis. It is likely that an employee who is given the correct message at the right time can benefit a company and its image capital during a crisis, just as an employee who is given the incorrect information at the wrong time can negatively impact a company’s image capital. Employees’ social skills are important since they can impact their ability to receive and deliver information. A person is likely to be affected by the social environment and try to adapt to the crisis and achieve meaning from his or her social and work environments. The messages and information that an employee receives must be accurate and correct. The management team through its structure is responsible to deliver the messages to employees directly; one-on-one communication in many cases can be better received by the employees and can even make them feel more valuable. Another aspect of effective internal communication is a two-way communication method that aims to promote more understanding and mutual respect (Kim, 2018). Another consideration in the internal communication system is transparency. Managers should be truthful about the information they are conveying to their employees instead of trying to hide information. Implementing internal communication effectively can make employees a critical part of crisis management and make the company’s people effective in maintaining its status and image capital during a crisis (Mirzapour et al., 2019).

During a crisis, some staff might have to be let go, and the company may have to be restructured. In this case, valuable employees or those with the best productivity should be retained so that knowledge and experience is not lost. These employees will likely experience a higher level of stress, so it is paramount that leadership provides psychological support, makes the remaining staff members feel valued and maintains active and ongoing communication. With the COVID-19 restrictions in place, psychical and typical one-on-one or staff meetings cannot be facilitated easily, so technologies such as e-learning, alerts and information systems are important tools for management teams to maintain contact with their divisions. Another issue is to create new safety, health and sanitization protocols so employees do not feel at risk or exposed to health hazards while performing their jobs (Baum et al., 2020)

## **2.5 Employee wellbeing**

Grant, Christianson and Price (2007) define employees’ wellbeing as “the overall quality of an employee’s experience and functioning at work” (p. 52). This definition aims to include more of

the perspective of employee wellbeing and to narrow to the concept to a specific science. Their study analyzed wellbeing from three different dimensions: psychological, physical and social. Each of these dimensions plays a key role in the general wellbeing of people in the work environment. Psychological wellbeing refers to employees' general job satisfaction and feeling of accomplishment at work, for example that their work and efforts are valued by the company and management team. The physical dimension of wellbeing points to the aspect of employee health, including both a safe work environment that is not prone to accidents that can cause physical damage and work-related stress that can later result in physical effects. The last dimension, social wellbeing, alludes to the feeling of inclusion, work relations, team efforts, general acceptance from coworkers and managers and achievable work-life balance goals (Grant et al., 2007).

According to a recent theory, employee wellbeing can be divided into more dimensions, among which psychological, physical, social and the financial wellbeing are important to the overall wellbeing of employees. Financial wellbeing adds an economical perspective: employees' current and future financial security and stability and their ability to support a certain standard of living (Taft, Hosein, Mehrizi & Roshan, 2013). The COVID-19 pandemic might affect general personal wellbeing, which in turn affects a company's competitive advantage since the wellbeing of the employees is linked with many performance metrics, such as productivity, stress and job satisfaction and employee turnover. There are also further social consequences since low employee wellbeing can have medical effects, which can increase the cost for government social systems as well as the company's costs. Mental diseases, such as depression and loneliness, can be linked to a lack of human interaction caused by employees being forced to work from home or have a reduced work schedule. This has been especially apparent in the tourism industry since government interventions have included travel restrictions and even lockdowns for some (Tuzovic & Kabadavi, 2020). For people who are still working in the hospitality industry, employees' mental health can be affected by stress and the fact that performing their job can impose a health risk. Jobs in the hospitality industry are characterized by the fact that most of the time employees are in direct contact with the customer, and during the pandemic, the risk of infection is higher for this type of employee (Yu, Park & Hyun, 2020). Employee wellbeing is connected directly with the situation of the company, and if that company is facing a crisis, whether financial or otherwise, it will affect the company's people in the form of stress, anxiety and even depression. Crises that cause difficulties and uncertainty in the company's operation are also likely to cause stress for the employees. It is therefore important for those in middle managerial positions to receive support from higher management on how to handle a crisis situation and its consequences and how to involve other employees in finding solutions within the company itself (Montani et al., 2019).

The restrictions on travel and social gathering rules have affected the tourism industry to the extent that the need for customer service has plummeted due to the lack of customers. As a result, many companies have had to reduce their staff, either partly by reducing their work hours or permanently. In terms of the national market, the social distancing and gathering rules have forced some companies in the hospitality industry to adjust their operations, which in most cases has led to fewer customers and fewer interactions between the remaining customers and employees, employees who in many cases are used to a high level of interaction with customers. This situation has affected many different aspects of employee wellbeing. Customer service skills are linked with the hospitality industry, and many employees must have a certain skill set to perform their work,



a skill set that is now being unused, which may cause the employees a level of disappointment. Another factor that has been linked to the work environment is the emotional or moral support that employees often receive from their colleagues or managers and are probably receiving much less of now during the pandemic restrictions (Tuzovic & Kabadavi, 2020).

The COVID-19 pandemic, might cause the largest recession since The Great Depression in the early twentieth century, so a new focus on leadership and employee wellbeing is important. This is an important factor in this environment where managers must be able to focus on both the requirements of their customers and the needs of their employees since crisis situations can affect employee performance and turnover due to the shortage of available work (Dirani et al., 2020). Employee wellbeing during a crisis is interconnected with psychological and physical health, the work environment and the balance between private life and workload. In this circumstance, the workload can diminish or the remaining employees can be assigned additional work (Anderson, 2006). The employee work load is important to the company's survival since the efficiency of its employees is an asset that can profoundly affect the company's productivity and operational achievements, especially in the current environment of the hospitality industry where companies are fighting to survive. Company leaders should focus on their employees' wellbeing and on aspects such as ensuring support for their employees using positive reinforcements or a reward system to make them feel more appreciated in their work and that their needs are in the forefront of the company's concerns. It is the obligation of the managers or supervisors to inform employees about how the company will be affected by changing some aspects of its operations. In a crisis situation, managers must focus on increasing employee wellbeing, accounting for employee emotions, providing greater flexibility in their work, listening to the employees' opinions and engaging with people to explain the situation when they need information (Dirani et al., 2020). HR professionals must be active in educating and informing companies and their management staff of the appropriate reaction in the workplace in a crisis situation, and they must also try to explore new ways of dealing with the crisis to best suit the wellbeing of the employees. This will most likely put HR management and their operation into focus in many respects and will undoubtedly change the HR industry to some degree, making it better equipped to deal with future crises, especially similar future crises (Agarwal, 2020).

## **2.6 Icelandic tourism**

The following chapter presents a brief summary of the numbers for the tourism industry in Iceland before the COVID-19 pandemic and during COVID-19 pandemic, the numbers that were put forward in December 2020 by official sources. To better understand the importance of the tourism industry for the Icelandic economy, the years 2017, 2018 and 2019 were considered. The numbers for 2020 were taken from an official report published in December 2020, and the month of December was not included in this number.

The Icelandic hospitality industry employs a high number of people so the status of the labor market and national unemployment rate depends greatly on the tourism system. The people working in this industry have in most of the cases their own labor union that represents in front employer unions, furthermore this union regulates their rights, salary and benefits just to mention a few. A subchapter will present the role of these labor union in protecting the rights of the employees during COVID-19 pandemic. As well was need to summarize the various measure that Icelandic government put forward as a response to the COVID-19 pandemic. The Icelandic government emergency or rescue measure meant that people affected by the COVID-19 pandemic were not all of sudden unemployed or their financially stability was not affected all of the sudden.

### **2.6.1 Icelandic tourism in numbers before and after the COVID-19 pandemic**

The tourism industry in Iceland has been increasing for the last nine years, exception being just the year 2019, the tourist growth from year to year was unprecedented in regards to the average tourism growth in other countries (UNWTO, 2018). The last annual official report in tourism related activities and numbers is Ferðamálastofa 2018 annual report, according to the journal Tourism in Iceland in Figures (2018) the yearly growth in number of tourist from 2015 to 2016 was 39% and the yearly average from 2010 until 2017 was 24%. Iceland reached approximate 2.15 million of departures of foreign passengers in 2018 and 1.98 million of departures of foreign passengers in 2019. The number had decreased in 2019 when were less 329.732 tourists entering the country or around 14 % less. Like in the years before the most number of tourists arrived during the summer months, or around 34 % in both 2018 and 2019, even though as before tourist arrived the whole year round without a great difference in numbers. (Number of foreign visitor, 2020). In the year of 2018 one of two local airlines and the only Icelandic low cost airline, Wow Air had gone into bankruptcy, diminishing the options for tourists to travel to the country, at least at a lower price. As with the increase of international visitors many airlines started to fly to Iceland an increase that had been evident in recent years that was not common in the past when very few airlines flew to the country (Slate, 2019).

From the year 2013 until 2017 the foreign exchange revenue in goods and services from tourism increased from just over 26 % percent to 42%, but traditionally fish and aluminum have been the countries two great foreign revenue exchange sources. Tourism therefore exceeded both fish and industrial products in 2017 (Tourism in Iceland in Figures 2018). According to Tourism in Iceland in Figures (2018) a great increase can be seen in other areas relating to tourism such as in the increased number of employees working in the tourism industry in Iceland, where the annual increase from 2013 until 2017 was around 68 %, reaching 31.700 employees in the month of August 2017, mostly employees were in hotels and restaurants, even though the most increase at that point was in travel agencies, tour operators and booking related jobs. The same annual report states an increase in number of foreign credit card payments in Iceland, that increased almost threefold from 2013 until 2017, reaching 260 billion ISK in 2017, which also illustrates what a large part of the economy the tourism industry had become. Another aspect of tourism that has

changed greatly in recent years is that if in the past most tourist would arrive during the summer months from June until August, now in recent years the country has seen more of a spread in tourism throughout the year and around 30 – 40 % of tourists will now arrive during three summer months while other will arrive during winter and other seasons, which was more uncommon in the past, especially before the tourism boom started around 2009 (Tourism in Iceland in figures, 2018).

The year 2020 brought Icelandic tourism to a completely new scenario where the number international visitors drop at a never imagined or planned rate. The difference in the number of tourists before and after the outbreak of the COVID-19 pandemic that caused by great travel restrictions is of course immense. The total amount of tourists entering the country through Keflavik airport, the main point of entry for tourists to enter Iceland, was just almost 480.000 tourists or 1.5 million fewer than the year before 2019, a staggering decrease of over 76 %, almost crippling the tourism industry in Iceland. According to Statics Island can be seen an immense decrease, going as low as 1.035 tourists in May and 924 tourists in April, while the number of tourists in April of 2019 were 120.306 and 126.309 in May of 2019. The only months with numbers similar to the years before are January with 120.918 tourist and February with 133.001 tourists, but the decrease of foreign tourist started in March when the restrictions began with 79.837 tourist. The first two months of January and February accounted for more than half of tourists of the whole year, apart from December for which numbers have not come out, or almost 54 % of the number of tourists for the whole year 2020 (Passengers through Keflavik airport by citizenship and by month, 2020).

The tourism industry at the beginning of March started to feel the effect of the COVID-19 pandemic with reservation cancelation increasing at unusual rate soon followed in the next months by minimum or inexistent air traffic for major international airports. Major booking engines as Expedia and Booking plus all their subsidiary change their cancelation policy for the existing reservation and issued an emergency COVID-19 new set of regulation where existing, non-refundable or out their cancelation period reservation could be cancelled and the hotels or travel agency were forced to refund the reservation, offer vouchers or moved the reservation to another date at no extra cost (Smith & Adams, 2020).

## **2.6.2 The case of Iceland governmental aid and the Icelandic labor union**

One of the predominant and widely responses to the COVID-19 pandemic in 2020 has been to implement what has become known as social distancing, which aims to reduce proximity between individuals in an effort to diminish the possible infection with the COVID-19 virus between individuals. This measures had a profound effect on people's lives, both socially and in regards to their work or education; in a professional environment a mandatory or recommended social distancing method has caused them to maintain a certain distance between people and in many cases people were not able to work or study in the company of others as in the past. The social

distancing rule disrupted many companies' operation to a certain degree and in some cases some companies have been affected to a larger extent, like for instance service companies in the hospitality industry as in hotels and restaurants. Social distancing together with reduced air traffic, as a consequence of social distancing rule, has limited the ability of tourism companies to have customers in their locations and this has ranged from companies reducing their operation to being totally closed during some parts of the year 2020. Adapting to the new rules and restrictions that the COVID-19 pandemic has brought also had a profound effect on the employees of these companies as well as the companies themselves which have seen a great reduction in their cash flow, making it more difficult for them to pay their employee salaries and keeping their working relationship with them. In many countries governments have tried to mitigate this by offering companies financial assistance to be able to pay their employees' salaries instead of being forced to terminate their employment, leading to costs in the form of unemployment benefits (Baum & Hai, 2020).

One of these measures that was meant to suit individuals is the so-called work – share program (hlutabótaleið), which gives people the right to social benefits who have experienced reduced working hours because of the pandemic, instead of their employer being forced to terminate their employment the government pays part of their salary and therefore not adding them to the number of unemployed. In regards to this certain restrictions were put on companies to be able to be a part of this program, such as to not pay shareholder dividends or bonuses for the next two years and to allow their name to be made public by the Directorate of Labor. The employees in the Icelandic tourism industry were ones that were affected the most by lockdown measures or social gathering restrictions. In a very short time, as in from one week to another they experienced from a very busy and fast-paced work environment an environment where no work was available or not the usual customer service tasks. Many companies especially in the tourism system needed financial assistance from the government in order to avoid bankruptcy and be able to keep and pay their staff. The work – share program (hlutabótaleið) meant that the Icelandic government offered the company the possibility of keeping their employees in a reduced percentage where the government will pay up to 75% of the salary of the employee if the company will pay the rest up to 100% and not terminate the contract of the employee. In the reduced ratio scheme the employee would have had only to work according to the percentage of salary that it's being paid by employer. One of the major conditions of this assistance package was that the employer will keep their staff according to their contract and will not terminate the contract of their employee, if the employer decides to no longer employ them then the company will have to pay their full salary for the period of termination according to the union rules (Island.is, 2020a)

The employees in the tourism industry in Iceland are most of the time part of a labor or trade union and their employment, from salary to termination of contract and more follows the rules of that specific union and the governmental regulation. The four major unions in which most of the tourism employees in the tourism industry are part of: Efling for housekeeping staff, VR ((Verzlunarmannafélag Reykjavíkur) for reception, office workers, retail workers, Matvis (Matvæla og veitingafélag Íslands) for trained chefs and waiters and Leiðsögn for professional tour guides to this adds up many smaller unions that represent a region of the country or different more specialized professionals. If the salary, education grants, sickness benefits can differ from one union to another the rules are similar or they do not differ in great extent in regards to the time length for the termination of contract for an employee, by which they have a certain amount of time to work and receive salaries after being notified of the termination of their contract. If an

employee has been employed for more of one month continuous he/she has 12 days or one month of notice from the end of the month when he/she has received the notice of termination and up to 3 months, 6 months and even longer if has been in the same company for many years. If the employer refuse or cannot pay the wage of their staff member then the employee can request assistance from the union to recover the lost funds at no cost (Alþýðusamband Íslands, 2020).

In addition to Work-Share Program and general agreements the labor unions that have the most number of employees from the tourism industry as members of their organizations have put information in regards to COVID-19 on their webpages to give the employees instructions on their rights in the current situation of the crisis. VR, the union for employees working in shops, for instance has put information on its webpage in regards to employee rights in connection to the COVID-19 pandemic, for example employee right if the company that they work for is closed down that despite company closure they are entitled to receive their salary and their rights and the same applies for a reduced working schedule. The webpage also gives information in regards to payments to employees during quarantine, parents rights to stay at home with sick children, changes in work schedule as well their rights in case of termination of their working contract (Verzlunarmannafélag Reykjavíkur, 2020).

Another labor union, Efling, which also has many members from the tourism industry, especially housekeeping staff, has done the same by putting information on their webpage in Icelandic, English and Polish, which include employee rights in case they themselves or their child get sick because of the pandemic highlighting their rights to their salaries and sick leave. They also illustrate their right to their salaries despite their employer closing their facilities due to restrictions during the pandemic, rights in regards to reduction of working hours and more features (Eflingarstéttarfélags, 2020)

Yet another labor union that has a lot of members in the tourism industry that has addressed the situation by adding information to their website is Leiðsögn, the Iceland Tourist Guide Association. On their website they give information in regards to partial unemployment benefits due to reduction in work, which obviously most of them have experienced due to travel restrictions which have led to reduce number of tourists entering the country, therefore needing their services. They also highlight the main features of the legislation changes in regards to payment of unemployment benefits in cases of reduced working hours, such as that participating in this arrangement does not exclude them from seeking wage related unemployment benefits later in case their employment is terminated by the company they work for (Leiðsögn, 2020).

In addition to Work-Share Program the Icelandic government took various measures as a response to the COVID-19 pandemic in the beginning of 2020, more specifically in March, in order to assist companies, stay active during the pandemic. These measures also included a range of programs to aid individuals, mostly members of the workforce but others as well. These programs, designed to suit and aid individuals, were among others, payment deferrals, financial grants, reimbursement of taxes and a permission to withdraw their private pension fund. The aim of this assistance was primarily to help individuals during the crisis, from a financial perspective but also to support family welfare and to maintain as high a level of employment as possible in order to keep the number of unemployment as low as possible (Island.is, 2020b).

Another measure that was permitted due to COVID-19 pandemic to aid individuals was a permission to withdraw their private pension saving and to use as they saw fit. This also was seen as a means to put more money into the economy, since some people would be likely to use their savings to buy products or service from local companies. There were however certain restrictions made to this as well in the form of amount of withdrawal allowed, that were no more than twelve million ISK over a fifteen-month period and no more than 800.000 ISK per month (Island.is, 2020 c).

One more measure is the quarantine payments, which means that employers who have to pay employees' salaries who are in quarantine can claim reimbursements for that amount from the government, therefore they are receiving aid to pay their employees' salaries. As with other measure there are certain restrictions in this case, mainly that the employees honored their quarantine by staying home or specific facility and away from work for the mandatory period and a maximum amount was also decided to be 633.000 ISK per month or 21.000 ISK per day, (Island.is, 2020 d).

Another measure is the income related unemployment benefits, which means that employees receive a certain percentage of their salaries, in this case seventy percent, for three months before going into the fixed unemployment amount, and this period was later extended to six months. This measure meant that the people were not face with a high income drop when becoming unemployed, if before they were giving three months of income relate unemployment, three months to come back in work market the special condition of COVID-19 pandemic made it very difficult for people to go back to work in only three months so the period was extended to six months. As in the case with the other measures there were certain restrictions in this measure such as being located in Iceland and actively seeking employment (Vinnumalastofnun, 2020).

There have also been measure for people with small children who normally receive children allowance have had an extra allowance of approximate 42.000 ISK per child in the end of May without reducing any other kind of financial aid. This is done to help families with small children during the COVID–19 crisis (Skatturinn, 2020).

The government has furthermore implemented a range of programs to aid companies during the pandemic, ranging from business closure grants, relief grants, revenue loss grants, support loans and hiring grants ( Island.is, 2020b), as well as the so called travel gift, which is especially designed to aid companies in the tourism industry by giving people a digital gift card to use in tourism companies such as hotels and restaurants and encourage Icelanders to travel in Iceland, which many people did during the summer ( Island.is, 2020e).

In March this year it was estimated that the governments cost due to these measures would be around 230 billion ISK or close to eight percent of the gross domestic product, but in addition to the before mentioned measures the government offered companies to delay paying taxes and city taxes, the city tax (gistináttaskattur) was removed until the end of 2021 and the government also illustrated its aim to invest more funds into transport infrastructure, real estate and information technology as well as increasing investment in science and innovation (Stjórnarráðs Íslands, 2020).

The people in the Icelandic tourism industry had been somehow protected by the union rules or by the emergency governmental rules issued because of COVID -19 pandemic (Invest in Iceland, 2020). If compared to other western nation it seems the people working in the Icelandic tourism were to a degree more secured financially than the ones in other western European countries. In UK people as in other countries have certain rights, such as a notice period after being fired. In the UK this amount of time is referred to as statutory redundancy notice period is significantly less than then the redundancy period in Iceland. The labor market in the UK due to the COVID-19 virus adopted furlough scheme, which means that the companies can receive assistance from the government to pay those employees' salaries up to 80%, in an effort to avoid those employees losing their jobs. Job dismissal has been particularly common in the tourism industry due to decrease in international travel. The government response through their social security benefits programs plays a salient role for the wellbeing of the employee and future implication of a pandemic on people mental health, future employment perspective and return to the labor market (Mayhew & Anand, 2020).

## **3 Research methodology**

The chapter of methodology will present the method used for this research and the reason for choosing specific research method, information about how the sample was chosen and details about how the data was collected for this research. As well the research will present how data coding was achieved; as many researches this study has limitation that will be kept in consideration and listed, the last subchapter will present the ethical consideration of this study.

### **3.6 Qualitative Research**

For this research, the qualitative research approach was chosen. Qualitative research method usually encompasses interviews, structured and semi structured, observations and/or focus groups (Hennink, Hutter & Bailey, 2015). The qualitative research method puts more focus on the process and less emphasis on the number of respondents because its main goal is to collect data on the setting and the behavior of the participants. The qualitative research method was chosen to gain a deeper understating of the topic, data retrieved by this method can offer more comprehensive

understanding and allows researcher to better select the participant in the research (Arendt, Roberts, Strohbehn, Ellis, Paez & Meyer, 2012). The data provided by a qualitative research approach is more detailed and rich, when compared to quantitative research (Ex. questionnaires' that are used for statistical data). Qualitative researchers seek to gather in-depth information about a given topic in order to explore a phenomenon more fully (Labuschagne, 2003).

Semi structured interviews are a form of qualitative research method that gather data from individuals by utilizing active listening and conversations. For this type of interview, it is fundamental for the researcher to listen to the interviewee's opinions and to avoid influencing the interviewee. Semi structured interviews offer an ample opportunity for the researcher to better control the flow of information, the direction of the interview and ask question that will provide insights into a given topic. Furthermore, in semi structures interviews the researcher can rephrase the questions to make them easier for the interviewee to understand and to answer them (Kajornboon, 2005).

The first question in semi structured interview should be open-ended and let the respondents introduce themselves. During the interview the researcher can rephrase the question if the respondent does not understand it. However, the researcher needs to be mindful and not influence the interviewee by their own perceptions (DiCiccio-Bloom & Crabtree, 2006).

In qualitative interview, one of the limitations can be the researcher's own biases or subjectivity during the interview but as well in interpreting the interview after. The researcher must not let their personal experience and emotion influence the direction of the interview. As such, researchers need to transcribe the interviews and read them a couple of times in order to create codes or themes (Crouch & McKenzie, 2006).

Quantitative and qualitative data can be easily misunderstood, while quantitative refers to a form of measuring or statistical report that is meant to prove a theory, the qualitative research main purpose is to provide deeper knowledge on the research topic, knowledge obtained from the interviewee. Semi structured interviews with open ended question usually follow a guide or list of question, by using this tools the research can keep the interview or the conversation on track and not deviate to far from the topic, by following a guide the research can easily control the flow of the interview. The interview though has the purpose to enhance the understanding of the topic so additional question can be asked by the researcher to the one interviewed. During the interviews notes and impression can be taken about the non-verbal communication as in gesture, attitude or intonation tones that can revile more in depth understanding for the researcher (Wilmot, 2005).

### **3.7 Sampling**

The sampling for this interview was not chosen randomly, the study interviewed people both from a large corporation and from independent hotels and restaurants that they were not part of a large group but the companies involved were administrating at least two properties. All the business has existed on the Icelandic market for more than five years, furthermore all the participant were



professionals in their field, the work in hospitality was a carrier choice and not a seasonal job, each participant had been working in the field of hospitality for at least 7 years and up to 18 years. In terms of nationality was mixed group consisting of six foreigners and four Icelanders, the foreigners group have been living and working in Iceland for a minimum of 3 years up to 9 years. In terms of job description and level of responsibilities two were managers from two different companies, five supervisors and two waiters. The table below showcase only the experience in Iceland of the respondents, most the respondents had previous experience or have worked in other countries in the field of hospitality and some of them they had specialized education.

**Table 1:** Experience of employee in Iceland

Respondent 1	Waiter in restaurant for 9 years
Respondent 2	Waiter in restaurant for 18 years
Respondent 3	Restaurant Manager for 17 years
Respondent 4	Sale Manager for 4 years
Respondent 5	Supervisor in a restaurant for 12 years
Respondent 6	Sous Chef in a restaurant for 9 years
Respondent 7	Supervisor in a restaurant 4 years
Respondent 8	Supervisor in a restaurant 3 years
Respondent 9	Supervisor in a restaurant for 4 years
Respondent 10	Waiter in a restaurant for 3 years

### 3.8 Data collection

The researcher conducted ten interviews and upon transcribing all interviews prove to be valid and offer essential information for this study, the researcher transcribed them to be able to analyze them in a comprehensive way. The data was collected through the last week of May until middle of June in the year 2020. The participants were contacted in May through phone or in person. All participants were provided with detailed information about the interview, the purpose of the interview and the confidentiality agreement. The participants were informed that the interview would be recorded in order to be later transcribed and the researcher assured the participants that no information about their name, company, managers or colleagues name will be disclosed instead

will be replaced with brackets. The participants were offered the transcribed interview upon request. All the interviews were conducted and recorded in quiet rooms or environments and no elements of disturbance appeared during any of the interviews; the interviews were conducted and recorded in the workplace of the participants, in some cases in the participant home and two on zoom. Due to COVID-19 pandemic the participants if they were in the work place had sufficient time to answer the questions because their tasks were reduced and had more break time than usually, the reason for conducting the interviews in the participants' homes was because some the participants were working only 25% and their workplaces were closed or they didn't have access apart limited working hours. Two participants preferred the zoom option because they were practicing social distancing rules and were not comfortable meeting people expect when absolutely necessary.

The questions interviews follow the guide of the researcher but sometimes additional question had to be added in order to clarify some answers or the researcher to better understand the response of the participants; furthermore, some question had to be omitted or rephrase due to the fact the participants provide before and answer. As well question sometimes had to be rephrases so the participant understands better the question as interviews were conducted in English; it is valuable to mention that none of participants had English as their mother tongue and some minor language barrier appeared, barrier being the lack of professional and correct vocabulary and incorrect use of time tenses.

### **3.9 Data analysis**

The interview questions focused on the following themes: crisis, planning before the crisis and planning after the crisis, communication in time of crisis and wellbeing of the employee. The interview consisted of fourteen questions that follow the chapters of this research theory. The interviews were conducted as mention before ending of May and in the first two weeks of June when Iceland had strict restriction and the border were closed for residents outside EEA and EFTA. The timing of the interview is important as participants at the time didn't have sufficient information about will be the rules in next weeks about gathering rules and border control (Samgöngustofa, May 2020).

After transcribing the interviews, the researcher repeatedly read the interviews in order to identify the key codes and the themes. Important ideas were noted down in order to form the main codes of the interview, as the questionnaire follow the same guideline of question the researcher could easily find the repetitive themes. The sampling size was sufficient as ten interviews proved to provided similar themes and key codes. Additional interviews were not needed in order to improve the quality of the data gained from the interviews.

## 3.10 Ethical considerations

One of the main ethical considerations of this study was confidentiality and anonymity of the participants and their companies. All participants were assured that none of information that would be associated with specific companies or organizations they were working for. The participants were informed when approach first time that the interview would be recorded and verbal consent was collected. From the perspective of the researcher the participants were confident in the researcher and the promise of confidentiality and no drawbacks or hesitation were felt during the interviews or in the transcribed form of the interviews when answers to the question were provided and name or companies were mentioned.

# 4 Findings

This chapter will present the results from the interviews and will try to answer the two main research questions. The interviews were focusing on five major topics: crisis, planning for a crisis and planning during the crisis, communication during the crisis, wellbeing of the employees and the Icelandic governmental measure and their impact on employees and business in the hospitality industry. The research and the interviews will try to connect the data with the theories presented in the thesis.

## 4.6 Crisis

This section will analyse the employees' perceptions of the crisis, as mentioned before crisis are most of the time unexpected, unprecedented and effects escalate in short time span. All respondents seemed to agree that the effects of crisis started to be felt at the end of February or early March. Furthermore, most of them mentioned that the situation evolved dramatically, in a very short time also a common aspect of the employees' answers was the feeling of surprise, shock and the answer pointed as well that never expected that the impact to be as strong and as fast.

The beginning of the crisis was signal by a higher than usual rate of cancellation in late February and early March.

*“it was Food & Fun the beginning of March end of February and drastically started cancellation, cancelation and is when we started feeling this”* (interview 1).

The COVID -19 pandemic recommendations emphasized as one measure to minimize the risk of contracting the virus is a good hygiene and recommended to utilize alcohol based disinfecting products. One the early reaction to the COVID-19 pandemic was the placement of hand sanitizers at entry points and all key points

*“I saw sprit bottles which I have no idea what they were for and I was kinda what is going on. But then is turn out they had the plan that gona disinfect and so on”* (interview 1).

In another hotel and restaurant, the measures that were part of the planning were to change and enhance the hygiene and sanitizing rules but no other plan was announced. The companies were following international health recommendation than actually having a plan.

*“end of February beginning of March when they bought some extra gloves and mask yeeeee.... And some hand sanitizer and everything but was nothing planned and ..... no plan”* (interview 2).

Another respondent, that is part of management team, mentioned as first response and part of planning were the new rules of cleaning and sanitizing but in the same time did not mention anything in regards to staff or company operation planning.

*“So we invested quite a bit in disinfectants and cleaning material, also with mask and gloves that sort of things”* (interview 4).

The same manager recognizes from the beginning that the crisis might have an unprecedented effect on the business due to the fact that Iceland is so dependent on foreign guest but she mentioned that closing was not seen as part of any planning.

*“So when all this situation started to unfold we knew what kind of strange time will gona be, we were expecting to be pretty strong because I see that the country is so deepened on tourist..... We did have meetings were we discuss different scenarios which could help us stay afloat and closing was one our last resort”* (interview 4).

In Iceland where tourism operation depends on the presence of foreign guests a consequence of the COVID-19 pandemic was that the hotels and restaurants start seeing a highly reduce number of guest and a high number of cancelation. The reduced number of international visitors affected business and employment alike.

*“the hotels that had high high occupancy rates were plummeting in numbers”* (interview 3).

and the same person continued with

*“situation escalating so dramatically that a large number of employees in the hospitality and service industry had been simply laid off”* (interview 3).

One the person that works for an Icelandic corporation that has multiple hotels through Reykjavik and rest of Iceland, her work place in one of the oldest hotels in Reykjavik that always been main

place for conferences and the hotels itself has long standing contracts with the governmental and national organization. Even the Icelanders always been a big part of the clientele she mentioned that the restaurant division was closed with almost no notice but the first measure at the beginning were to bring new and stronger hygiene, disinfecting and cleaning rules.

*“they started with alcohol gel and start spritzing down and much more with the hygiene but it went very fast with cutting down hours, cutting down shift and close quite fast. Everything happened very, very fast”* (interview 5).

Another person from a different hotel related that the change happened suddenly and felt like from one day to another.

*“I felt it (the crisis) because more of the cut effect, you felt it from one day to the next. We have tourist and next day nobody was coming in anymore”* (interview 6).

One the crisis characteristic is the uncertainty and the unpredictability, COVID-19 pandemic was even more peculiar because the information and even national recommendation or measure were changing from one day to another.

*“So has happen from March until now what has happened the changes from day to day, information that we had on Wednesday will be completely outdated and old information on Friday..... actually, everyone is trying to respond and adapt at a moment notice those”* (interview 3).

Crisis have an element of surprise wheresituation evolve quite rapidly. Decision are taken as a result of crisis consequence not part of plan. The decisions are more emergency measures where organization try to salvage themselves and minimize the financial loses.

*“They were hoping (the managers) that will not have to close the restaurant or not even lower our hours or pay but as they said they were a little bit afraid because if our sales would go down with 30 % more that month before the virus came we would have lost money so we were not on 0 we were losing money and I think our customers went down with 90% so of course we had to close”* (interview 7).

A sale manager from a boutique hotel in Iceland that is Swiss educated in hotel management have mention that the crisis and disease always existed but were not globally they were more local or regional. The impact of the crisis was more targeted to a specific group than to a whole population and the effect of this pandemic was never imagined at this proportion or to affect as many categories of individuals and industries.

*“We constantly had different diseases and other situation that affected mankind but I think it wasn't at this big extended because was always towards particular country or countries. It wasn't a pandemic, this global pandemic has created such a shocking influence on all of us that most of us was dazed and appalled as to the extend which could affect us”* (interview 4).

Just one person with extensive experience in the hospitality industry and that had been monitoring the evolution and the effects of the virus around the world mention the possibility that tourism industry will be gravely affected to never before seen or predicted scenario.

*“will be no tourist industry all through the year”* (interview 2).

## 4.7 Planning

The second part of the interview tried to investigate if the companies had a plan to address the crisis situations. Crisis management theories emphasize the importance of proactive planning or reactive planning. During proactive planning, companies create a plan for an emergency situation and allocate financial resources to counter the negative effects of the crisis. In the reactive planning phase, the company adapts, creates response measures and tries to minimize the negative effect of the crisis.

Furthermore, the interviews questions were also focusing on whether companies announce any measure or future planning for short term or the foreseeable future. The interviews were conducted in a period of three weeks from end of May until the middle of June so at the start of peak summer season when usually Iceland receives the most of the international visitors. In this case end of May and beginning of June closed borders and gathering restriction were implemented.

This particular crisis and the COVID – 19 pandemic took everyone by surprise as nobody thought the crisis will have such impact on all the countries, all respondents said that was no plan in place and in their opinion no one could ever prepared for such a crisis.

Planning for long term was not mentioned by any respondents it seemed that the decisions were taken from one day to another and even important decision as closing an entire hotel with all divisions was based on the evaluation of the situation at the that particular moment and assessment of hotel bookings for the next days or few weeks.

*“We had a booking on a particular day which was only one couple and the rest of the entire hotel was empty. This couple when went out in an adventure we realize wasn’t truly worth or beneficial for us to keep the property open financially hoping that will be walk ins or anyone else so we decided to close off temporarily because next 15 days were not also seeing any guest checking in”* (interview 4).

In regards to future planning the sales manager who was the respondent in this interview had no clear answer and she said could not have even an estimate timing when things will get better. The timings were not talk in matter of weeks but in matter of months or up to a year. This long in existence of a hotel even for a crisis were never before encountered.

*“I am not a scientist so I only have information from what I see in the news .....So is looking like a longer process than what we think I have heard anything between 18 months to 6 months”* (interview 4).

Later the same respondent added she was hoping that Christmas will bring a better situation and the hotel will resume activity, Christmas is a time when hotels see the highest occupancy rate for the winter season and is a crucial time for the financial perspective. As well she mentioned that people will end up suffering from quarantine fatigue and wanting to back to travel and experience different destination.

*“.... the future the best time would be around Christmas time because .....at the end in the day we are human beings and being in a lockdown being in quarantine is not socially enough”* (interview 4).

Most the respondents were not aware of a plan for a crisis situation that their company have had prepared. The aspect of this particular crisis of COVID-19 pandemic was mention and they believed that no plan could ever been prepared to respond to the situation created in hospitality industry by COVID-19 pandemic.

*“No, I can directly say no because I don’t think anybody had a plan for this kind of crisis”* (interview 6).

Furthermore, some respondents mention again that the situation escalated at such a fast and unpredictable pace that no planning could have ever been completely applicable as firstly designed or structured.

*“No they had nothing prepared for such event, they were totally unexpecting this”* (interview 7).

Respondents said that the company action or planning were based on governmental direction. In most cases they were waiting for what will be the restriction or rescue plan they can use in order to plan how to the operation of company.

*“I think nobody was prepared for this kind of situation but at least our management try to adapt about all the information that they get from the government and the support lets’ say like that they have. I think they just adapt every week”* (interview 8).

A respondent from a restaurant that is part of the corporation with multitude financial resource and has extensive operational knowledge gathered by experience and long standing presence on the Icelandic market presented a different response from the rest. The respondent felt the hotel and the restaurant she was working for seemed to have been prepared and reacted fast to this crisis but even so the plan was not completely set and adjustment were implemented.

*“having a kind of plan with some unexpected turns if you will. I would say like that”* (interview 1).

A characteristic of the crisis is that are unpredictable and planning is not always possible. The staff sometimes have to be part of decisions that do not seem part of the strategy or apparently were taken from one day to another.

*“One day they just said to us that we are going in to 25% and same day all the people were sent home and only 2 of us have left and after that I had three weeks with no work at all. So we will just be once in blue moon you will show up at work, nothing is going on, people are scared and no one had any contact with you”* (interview 1).

The perception from one employee to another employee from the same corporation but different hotel and restaurant is different and the element of planning seem to not be present in the operation of the organization during COVID-19 pandemic.

*“we knew one day some of the hotel and restaurant around us was closing but we were not one of them. Next day they say you do not have to work on Monday. Done. That was it. That was it. Nothing else. We are closed”* (interview 5).

One respondent that was in managerial position mention the importance of tourism industry for Iceland and some companies realized the effect that this pandemic might have and took preventive measures to save on the biggest expense of the company in Iceland, the staff.

*“well to companies and employees who are losing their jobs basically. I mean the tourism industry is huge, is a third of the income and numbers are plummeting, things are not looking good at all. So what is happening recently for the larger company almost all employees had been laid off as emergency clause”* (interview 3).

As for future planning, measures or directions for the next couple of weeks and even months most of the respondents have not receive any message or have no knowledge of such planning from their organization. When company operations are reduced or financially threaten they present to their employees a new strategy that is meant to rebuild and make the company functional again. In case of the COVID-19 pandemic and the tourism crisis the lack of vision or preparedness for the future seem to be the common answer.

*“overall I do not think they have a 100% plan for sure for what they gona do”* (interview 2).

At the time of interviews, the borders were closed or was very difficult to enter Iceland and for citizen outside Schengen area the entry to Iceland was banned. International travel and their return to the country when border will ease the restriction seem a waiting game for the future planning of organization.

*“For now they do not know what will gona happened..... everyone waiting for the country to be open”* (interview 8).

Other respondents mention that they are now targeting the local market as they are located in area that are popular during the summer among the Icelanders.



*“we have change our angle a bit with the market, we are now planning to target local clients as much as possible” (interview 4).*

In a country side hotel and a popular spot for fishing and golfing among the Icelanders summer seem to bring a bit of traffic. Most of the hotel had for summer special offer for the Icelandic market that was mostly advertise only in Icelandic but no further planning was made for the winter season.

*“the plan is... the thing is we only have a plan for the next 2-3 months so during the summer season we do not know what the winter season will bring us” (interview 6).*

The hotel and restaurant due to restriction had no guest in house but still had the staff that had to work 25% of their regular contract and they were given task of general cleaning, inventory, reorganizing to they can fill their hours and as well for the organization to use them for tasks that were sometime postponed.

*„We were on government benefits, with 25 % so we came in with 25 % for cleaning and the rest of the time we were off” (interview 9).*

## **4.8 Internal communication**

The interview questions probing communication efforts focused on what messages the employees received and whether the messages were clear, concise and thought through. Internal communication was the main aspect that the question explored; furthermore, the perception of the people in regards to the messages they received from their management team was investigated.

Internal communication is an important tool of Human Resource Management but the responses given by this interviews seems to indicate the source of information were the head of departments and not the HR team. Communication was done with the help of a Facebook group called “my work” that seemed to be present in all the companies and as well one on one at work communication when the situation allowed it.

*“Actually we made a group chat and the whole hotel at least the departments were put all together” (interview 6).*

During the pandemic one on one interactions were more limited because of the restriction and because most of the staff were in a reduced employment and their presence at work was seldom.

*“we had and we still use Facebook group a work group and she would be constantly posting thigs about like in house information and so”.*

In term of communication most of the respondent answered that they have received message from their direct manager or a top manager, none of the respondents' mention Human Resource even they were working for bigger organization that traditionally should have an HR manager.

*“CEO of the hotel, he was the one, he was semi communicating with us for the very very big announcement to make from the government but everything smaller intake from managing hours to how we have work how to get our benefits it was our F&B manager and head of reception”* (interview 6).

The communication to the staff came from many sources, even from managers who before had no contact or communication with the staff members, one respondent that works in a corporation for many years and knows most of the top management of chain couldn't really remember and identify who was delivering the message at some point.

*“one day we got an announcement from..... ahhhh I think not CEO of xxxxxx [name of the corporation] but it was way way outside of the hotel mainly xxxxx [ name of the corporation] like the company”* (interview 1).

Another respondent from the same corporation but different hotel and restaurant had a more direct interaction with her direct manager, the communication method was phone calls, one on one not being possible because of COVID – 19 pandemic restrictions and the reduce employment.

*“The restaurant manager has been calling me personally and she called every one of us every time was a big change to let us know”* (interview 2).

As a response to the question if the HR manager was communicating with the staff the response was as follow:

*“No, I do not think so. Was just..... [ name of restaurant manager] not ..... [ name of human resource manager]”* (interview 2).

The communication is key aspect during a crisis and people look up to their manager for answers but during COVID -19 pandemic no one seemed to have a clear or concise answer and in the same time that was acceptable because of the peculiarity of this crisis.

*“it is a little difficult to hit that correct spot to figure and sit down and give out the details or supervise because nobody knew what's going to happen.... these are uncertain times so is not fair to point fingers to anyone because no matter who they are as part of the organization nobody knows for sure how this virus is going on”* (interview 4).

In the part of the interviews about communication and question about the messages that have been received by the people through the months of March up to June the elements of crisis and uncertainty resurface, the responses seem to go in the same direction. The common answer through the interview is that they had no specific answers from the management team to any of the questions from employees. The management team responded that they have no sufficient

information, they do not know what will happen and they have to wait to see how the situation evolve.

*“Of course has been uncertainty for every one of us even the management did not know anything or ... you know... they were not sure”* (interview 2).

In some cases, the management team decided to say nothing at all instead of having different messages every day and confuse their employee even more.

*“the communication they did not misinform us. They did not say things that were not true, they rather not say anything, that is ok”* (interview 5).

Usually crisis are short term lived, as in natural disaster the process of recovery and response start after the threat is gone. For COVID-19 pandemic even beginning of June more than three months in to the crisis was no end in sight and the level of unpredictability was the same.

*“we are not getting any information because no one knows because what is gona happen .....is day by day still”* (interview 5).

A manager answered that even she was trying to communicate to her people and keep them updated was sometimes a task close to impossible because the information will not be the same for one day to another and the measure taken higher up will change daily.

*“information that we had on Wednesday will be completely outdated and old information on Friday”* (interview 3).

*“if you ask a question you do not get a real answer is because they do not know is not because they do not tell is just because they do not know”* (interview 2).

One respondent mentioned the feeling of insecurity and not knowing what next week will bring because the message received from one week to week to another was that he will have to wait and be ready to work at moment notice.

*“The communication .... was more of the telling us we will have to wait another week it was more like we always had this feeling we never knew what next week bring or what will come cos took a very very short time to say we gona be reopen the hotel now”* (interview 6).

Even the highest management came to middle management with messages that were changing constantly and could not be guaranteed that the same message will be valid in next days. The middle management were responsible furthermore to communicate their subordinates and the situation was not easy because no real certainty existed in those day with what will happen with most of the people and their jobs.

*“the information that we received from our higher ups was confusing actually, not just confusing but not necessarily reliable. Make no mistake I believe that everybody is doing the absolutely best”* (interview 3).

The general message the staff members received from their manager was one of uncertainty and that nobody had information that could be 100 % reliable or be long term.

*“No one knows anything at the moment so every question you have is more is more I am really sorry I cannot answer it. It is how it is”* (interview 5).

This specific crisis was ongoing and did not seem to stabilize or be able to predict what will happen next globally and locally so even managers could not predict or knew what will be their next step.

*“it is a little difficult to hit that correct spot to figure and sit down and give out the details or supervise because nobody knew what’s going to happen, when exactly when are we going close, when exactly are we going to open”* (interview 4).

Middle managers had the task of communicating with their subordinates and tell that their contract will be terminated. One manager described the procedure where managers of division had to lay off all their members of departments but in the same time knowing or expecting after they are done with this task they will be next ones in line, higher up managers will have the same procedure with them.

*“all of us where at the same level..... (managers) we will be used break the news to everybody, open up conversations, answer any question what we can if we can and so on, have this conversation. Aahhhh... finish that get everyone nice and tuck away and sorted and fired to be blunt and then wait for the chopping axe our self because is text book”* (interview 3).

## **4.9 Employee wellbeing**

The COVID-19 pandemic brought forward the importance of employee wellbeing and became even important in time of crisis as employee performance can negatively influence the company image capital. Furthermore, the ethical concerns for employees wellbeing became salient because the pandemic can impose a significant health risk to all people, the risk of being infected with COVID-19 virus. This is linked to many aspects of the individuals’ life, such as happiness and social connections to other people which is important to their social wellbeing as a whole.

Employee wellbeing was explored in the interviews and the topic tried to evaluate the perception of the people in regards the action of the company and their personal wellbeing during the crisis. In a crisis situation the staff not only the business is vulnerable so is important to investigate if in this particular crisis the companies prioritized the need of their people or acted in the best financial interest of the company. The reduction of income, loss of employment or the uncertainty of unemployment can have traumatic and deep psychological effect on the people. If they feel that the company in which they invest effort and time do not take in consideration their wellbeing or if in time of crisis they fell left out and not nurtured the psychological consequence can be even

aggravated and the companies might lose talented and experience people for the future when the business might resume their operation and the market recover.

Part of the respondents indicated that they felt left out and the company financial interest were put before the interest of their own staff members but even so the respondents seem to understand that is an exceptional case of this crisis and that no other solution was available than to sacrifice the wellbeing of the staff. The gravity of the COVID-19 crisis seems to leave no choice or option that will protect the employee as a result the people complied with the measures and were not resentful towards a company's decisions.

*“Yes, it was hard to for me to get the period notice because of COVID-19 but in the same time I can understand that let's say like that the company needs to survive”* (interview 8).

One respondent even he considered he has been left out and the financial interest company precede the wellbeing of the employee seem to agree with the financial decision of the company he was working for more than 3 years.

*“Yeah they do care, they tried their best I understand them from the business point of view I would probably do the same”* (interview 7).

The main or the same answer but differently worded was found through the most of interviews. The people matter less when compared to organization and the organization financial wellbeing.

*“More economical decision than from a human side”* (interview 6).

One respondent mention that the management team did not even try to show care or concern forwards the employee who are as well financially challenged and working involve a certain health risk. The base salaries of the employees were payed 100% with the governmental help but that meant the employee will lose the shift supplement for working evenings or week-ends.

*“they never actually said anything How is everyone? or post something on the group or just make sure that everyone is fine and stuff like that they have not even tried but I assume because the company was going down and they were concerned with their situation .... but no direct contact”* (interview 7).

One respondents when asked what was the message when she received from the manager the termination letter answered that her direct manager motivated the decision that the company interest primed.

*“she.... (the manager) was just saying you know....this nothing personal this how it is. We are trying to save the company and so on”* (interview 1).

The crisis of the COVID-19 pandemic seemed to have meant the same for all employees, as managers and general employees were laid off and everyone accepted that is no way out of this crisis and all of them were faced the perspective of unemployment.

*“people ... accepted the fact how it is and everybody is doing their job doing their best, doing their job and so is the management”* (interview 1).

Another respondent that works closely with the partial owner of the restaurant felt his company tried to find a middle solution that will benefit both the people and the company. Even he was put in partial governmental employment and later laid off the fact the manager/owner was there every step of the way made him feel that he matters.

*“the owner really cares about the situation that we had now.... I think the owner did everything that is possible to be good also for him but also for the employees”* (interview 8).

Another respondent mentioned that the atmosphere changed from anxious and insecurity to a more relaxed mood, the factor that helped the people and the general atmosphere in the company were not any management team action or organization measures meant to assure staff wellbeing but the Icelandic governmental action.

*“Well when we still were open everyone was very stress about it but trying to keep calm was a lot misinformation going around ....so was stressful but as soon as the government came with the money everyone relax everyone went quiet”* (interview 5).

The people of the company felt they were not taken care or nurtured and they have been left out with no real answer and not knowing exactly what the future will bring for them.

*“they were all very uncertain what the future will bring. If the hotel will be closed indefinitely if they will have to get another job or change their job or even they can stay in this industry. Yes, it was a big uncertainty with the staff”* (interview 6).

In a specific corporation in a span of 72 hours a decision was taken and carried out to mass terminate the contracts for a whole hotel and restaurant for general employees but not the middle management. The F & B manager of a restaurant part of the hotel belonging to this larger corporation knew a group email will arrive at a specific time, the email will announce the termination of contract for the employee through an electronic device and not one on one how usually this situation is recommended to happen. So due the time limitation she wanted to put human actual voice behind and called every one of the staff members in her department to announce this mass resignation of contract.

*“I (F & B manager) personally called all my staff members before I knew they will receive the email”* (interview 3).

The same manager later has been as well fired even though he has been within the corporation for over 17 years in different jobs, departments or properties; together with the previous action of the corporation made her feel like her efforts have never mattered and she never felt as not belonging to the company is in the moment of the interview. At the moment of the interview she was still in her period of notice but her perception was that she will not be kept after this time.

*“after all this year I never felt less of this company as I do right now. When actually that everything is hitting the fan, at the moment in time that we suppose to feel like we do matter is the opposite” (interview 3).*

The manager even she expected that she will be as well laid off she still had hopes that the corporation she was working so long for and dedicated many years for would maybe will find her role in the company and try to save her.

*“to begin with is something that I completely expected because this the way corporate works.... I honestly believe and know my status within the company as a key member of staff not just for this hotel and this restaurant but for the entire company so it’s a bit of a shock” (interview 3).*

Some respondents mention that their direct managers or head of department brought the human touch and they felt at a personnel level that they are important but this was not reflected in the action of the company as a whole.

*“I do not know about the company but the managers of our hotel defiantly they do (care).....they are just a corporation they are thinking just about profit” (interview 2).*

One respondent when ask what the general atmosphere through the months of March to June have mention repeatedly the feeling of insecurity and they felt not protected by the company. The lack of information or better said reliable information that will not change in couple of days’ time accentuated even more those feelings.

*“Everybody is.... First and foremost, they are just scared, people are worried they do not know what the future hold they do not whatever will have a job to come back to, for those people who are still in within the company working the resignation periods or those few yet to receive a resignation or will not receive a resignation it has an equally negative effect on everyone. So my colleagues who have not receive resignation are suffering from survival guilt, feeling that why they were let go and not me instead and all this thing and it has an extremely negative effect on ambience and atmosphere. Everybody is walking on egg shells, waiting for information that never comes” (interview 3).*

During the first wave of the COVID-19 pandemic one a respondent went back to work after he had to be home for more than a month and he describe that going back to work was hectic and chaotic because the new social distance rules were making the operation of the restaurant different and as well people felt depress after being out of work for month. There hopes of normality were not as strong as before stop working.

*”..... was quite depressing at the beginning I would say when we started working again and after all this time was bit difficult not knowing exactly what and how to do it. We all had question for our managers questions he didn’t have answer to .... and yeah... we were all a bit frustrated” (interview 7).*

The wellbeing of the employee was not necessarily weigh more than the company financial interest and that was clear to most of the employee but they still felt protected and safe until a certain point because of Icelandic governmental measures.

*“I think so far they done the right thing because is no other things to do there is no money coming in and what they are doing of course they are trying to talk that they doing this as a humanitarian thing but we all know is corporation there is no humanitarian in corporation they are doing that is the cheapest for the company which actually works out in a good way for staff..... I do not see anything else they could do they only did what the government told them to do” (interview 5).*

## **4.5 The Icelandic social system**

In the crisis response, the actions and responses of the Icelandic government seemed to have a robust impact on companies and employees’ perceptions. The Icelandic government measure even if it was not a focus point or not part of any specific question always seems to surface through the answers. In the crisis response, planning of the companies, internal communication and wellbeing employee it seems that Icelandic government action and response to the COVID-19 pandemic guided the decision of companies and employees’ perception. Because of the Iceland social security system along with the new measures implemented in response to COVID-19 pandemic, the effect of this crisis seemed not to have such a detrimental effect on companies and their employees when compared to in other countries. This though might impose some limitation because the interview was taken at the beginning of June when people were still employed with the 25%- 75% or 50%-50% ratio or they were still in their period of notice.

The governmental response was mention directly in many instance, so was the scheme of partial employment and partial social benefits that the government implemented. All the respondents took to some extend this governmental aid and they were working only 25% in the company and the rest of the base salary was paid by government. The general perception from the interviews was that the people were content and more relax because the measure of Icelandic government, furthermore this measures that played key role in their feeling of wellbeing and financial security.

*“Yes, insecure, stressed not knowing what’s gona happen. Everyone of course losing their income and everything but I think of course but we living in Iceland and having our system we have a parachute” (interview 2).*

All respondents mention directly the governmental rescue plan and the partial employment scheme when asked what is status of their employment. All of respondent were working only 25% no matter if they were part of the corporation or smaller organization or part of management team or general employees.

*“companies will drop down I don’t know to 50%- 25% and so on and the government stepping paying the rest of employee wages” (interview 3).*



The same answer was given by another respondent working for a little chain of restaurants as a supervisor. Through the interview he later said that were only four people left to work with 25% quota and the rest were fired as soon as possible or moved to a different restaurant to finish their period of notice.

*“so the owner put all or most of the employees on 25%- 75% and of course we get the benefits situation and we get less work for 25% and 75% from the government”* (interview 8).

One supervisor who works in a restaurant part of the bigger corporation answered that his restaurant and middle management team didn't come up with an answer about his unemployment until the government announce the rescue plan. Apparently the lack of messages proved to be that the corporation knew the government will come with a solution and waited to take any measure even the hotel and restaurant were almost empty and was fully staffed still.

*“what I heard after is that the company was waiting for the government to come out with the official news that was 25% that was when was decided everything closed .... we all know is corporation there is no humanitarian in corporation they are doing that is the cheapest for the company which actually works out in a good way for staff”* (interview 5).

The emergency measures of Icelandic government played a key role for survival of some companies, with financial assistance from the government companies were able cut part of the cost of the employee and allow them to better prepare for the next period. As well the governmental support meant as well that the people were not yet laid off.

*“the government has instated that they can help meaning that for those who are .....it's started actually being reduce in work percentage and the government picking up the slack oppose to the company. The companies will drop down I don't know to 50%- 25% and so on and the government stepping paying the rest of employee wages”* (interview 3).

The situation though, as the same manger mention, was not going in a hopeful direction and companies had to result to a mass termination of contract for all employee so the governmental measures were more like a palliative care or transition period.

*“that has change because situation escalating so dramatically that a large number of employees in the hospitality and service industry had been simply laid off. The hope is of course that at the end of the resignation period ..... hopefully things it writes itself out sooner or later and people can be rehired but realistic from my point of view is not looking well at the moment”* (interview 3).

One sales manager said they had no other solution than close their hotel and restaurant because the national restriction and closed borders. They were dependent on international tourist and the gathering ban made difficult to have the hotel open for the local market. This was happening was happening while it was in place 20 people gathering ban and two-meter rule.

*“We have been abiding by the rules set by the government so we were in the situation where we had to temporally close the property”* (interview 4).

The Icelandic measure, restriction, gathering ban, social distancing rules guided the decision or better said forced the decision to closed a property as in hotel and restaurant or reduce the business operation. In many cases because of this restriction together with the tight border control the only logical step was to temporally closed and wait for restriction to be lifted in order to resume partially the operation. Even the companies were forced to close the government help was meant a saving hand for both companies and people alike.

*“I think most the decision they take because of the government and the laws they give to help the company for sure”* (interview 8).

A respondent that is not Icelandic but has been leaving in Iceland for four years and a half felt the Icelandic government protected the employees and companies and seem grateful for the Icelandic social system.

*“the government did a very good job protecting the employees, helping also the restaurants, the management, helping the business”* (interview 8).

Compared to an Icelandic respondent that felt the Icelandic government did so because they were trying to contain the virus and not to have higher infection rate. This respondent, a supervisor, was in the 25% employment with the company and lost part of incentives and supplements that made a difference to his salary. As well for him the government action plan seem part a normal response of social system.

*“Yes and no it’s very very hard to say in this industry that they .... (the government) will like look after us I would say measures were kept to not spread the virus”* (interview 6).

The set of measures that Icelandic government put forward in order to help both companies and employee alike had positive impact for both sides. Employee were able to keep their job and company could plan for summer months and have less financial losses.

*“I would say what Icelandic government did for the people who had to give up their work they actually gave this benefits for short period actually help a lot”* (interview 6).

The organization decision in time of the COVID-19 pandemics were not part of the plan according to the answers from the interviews but rather the organization acted in one way or another based on the governmental rescue plan. The governmental measure meant for a lot of organizations the survival or bankruptcy of the company.

*“I think most the decision they take because of the government and the laws they give to help the company for sure”* (interview 8).

From all the interview resulted that all participant had been put in a partial employment, where they would work 25% and the government will pay the rest of 75%. All the staff members where part of the governmental aid program with few exceptions that involved higher or top management but those were not part of the interviews or seen as focus group for this research.

*“the owner put all or most of the employees on 25%- 75% and of course we get the benefits situation and we get less work for 25% and 75% from the government so it was still good that we were still operating the restaurant so we had at least opportunity to get 40 hours’ work”* (interview 8).

The Icelandic governmental measure played a key role for the organization and employee, without it many company would have faced bankruptcy and more people would have been unemployed earlier. At the moment, in December seven out of ten are on unemployment benefits and they are not too optimistic when they will go back to work. This came up in follow up conversation for researcher curiosity and was not part of the research. From researcher perception and experience from the interviews and observation on the hospitality crisis the governmental rescue plan was more a transition phase where people were not faced in a very short time with unemployment. Furthermore, the wellbeing of the employee and the Icelandic governmental measure were deeply connected, the employee felt that the social and financial protection came from the government and not from the organization they were working for. Even the people felt left out and organization financially interest came first they were more flexible and understood that was no other solution to this crisis than just them being let go. The researcher perception was that the people flexibility and understanding was sourced in the financial aid they got from the Icelandic social system, if this rescue measure were not have been put forward the result of this research might have been different.

## **5. Discussion**

The discussion chapter will try to connect the theoretical chapter with the findings from the interviews and answer the two research questions. The literature review chapter focused mainly on the theoretical aspects of the crisis and crisis management and the importance of planning for a crisis situation and if the people of the company and internal communication are considered in the planning strategy.

The literature review tried to present different studies and academic opinions with regards to communication with a focus on the internal communication in time of crisis. Crisis management, planning or staff management in time of crisis and internal communication were interconnected academic topics that all seem to have common reference and key discussion points. Furthermore, the theory mentioned before together with the research drove the literature review forward other theoretical subchapters, the wellbeing of the employee and Icelandic government rescue plan. Even in the interviews, there were no specific questions referring to the COVID-19 government-sponsored relief programs. This topic resurfaced many times throughout the interviews and during the coding of the interviews, so a subchapter was added to the literature review and findings.

The discussion is guided and structured around the two research questions and the main topics of the literature review. The first research question investigated whether the management teams had

a plan for staff management and employment in a crisis situation. The second research question assessed the employees' perception in regards to the internal communication during a crisis.

## **5.1 Research Question 1 discussion**

The COVID-19 pandemic left many companies in the Icelandic tourism industry in a crisis situation with teams of staff and strong union rules that protected the employees' rights. By law, the companies could not terminate employment contracts immediately or on short notice and had to pay employees the entire notice period according to their contracts despite the fact that most of the units, such as hotels or restaurants, were closed. The government measures offered companies the possibility of not terminating their staff contracts and keeping them at a minimum of 25% employment; this approach was intended to provide organizations with a temporary solution to allow them time to reorganize their operations and plan for the crisis (Island.is, 2020 a).

HR departments are usually responsible for staff planning and the employment status of staff members (Penrose, 2000), but as the interviews indicated, no HR managers were mentioned or the staff was unaware of their presence in this crisis, so the HR role was performed by middle management teams or top managers, they communicated with the staff and made decisions regarding staff planning and employees' future within the company as well as the procedure to implement those decisions.

The proactive approach to crisis management recommends having certain procedures in place in case of a crisis (Hosie, 2006). These procedures should include what will occur with the majority of the staff members if the operations of the organization are greatly disturbed or affected. Crisis management education together with training can help staff members to better react and adapt to a crisis situation and should be part of the proactive approach (Penrose, 2000). The interview findings revealed that there was a delay in the response from the management team and no apparent planning preparations. If planning existed, it was merely a skeleton plan that changed every couple of days according to the information on the market. The respondents perceived that the planning was either guided or based on the government relief or rescue program. The reactive approach to crisis management emphasizes a recovery phase or post-crisis intervention in which the company attempts to counter, minimize, control and revert the effects of the crisis (Sausmarez, 2004), but at the time the interviews were conducted, the COVID-19 pandemic and the crisis in tourism were not foreseen as ending soon. The interviews indicated that the ongoing crisis meant that the management team had to adapt its strategy and planning as it went. The team's decisions were primarily based on information that changed within days. The respondents felt that until the government proposed the workshare program, no decisions were taken and they were not aware of what would happen to their employment. All the respondents from these interviews were put in partial employment since 25% was the minimum an organization could have employed in order to the benefit from the workshare program. Changes within the company and changes that affect the tasks and employment of staff members usually encounter resistance (Reilly, 2008; Vardarlier,

2016), but the interviewees seemed to accept the new work ratio with flexibility, viewing it as the only solution in the circumstances of the COVID-19 pandemic.

The respondents were either working for a large corporation (five respondents) or for organizations that were responsible for managing three hotels with restaurants or a small chain of restaurants with tradition and a good reputation on the Icelandic market. None of the companies from this research appeared to have a dedicated department or person responsible for crisis planning and the organizations did not put forward any ideas regarding how to respond to the COVID-19 pandemic. The corporation that five of the respondents were part of is one of the largest in Iceland and the HR department seemed either nonexistent or the employees were not aware of its existence. Research suggests that for larger corporations it is important to form a dedicated department for crisis management of which HR is a part. The role of this department is to create a unified response across all units of the corporation and produce a better response and recovery from the crisis (Waller et al., 2013). The respondents from the same corporation but different properties had different procedures and different measures and at times the delivery of important messages appeared uncoordinated.

In regards to global tourism, the response to COVID-19 in many countries came in the form of government interventions, including Iceland where the government made an effort to decrease the negative impact of the crisis by financially assisting tourism companies and their employees. To implement this assistance, the Icelandic government developed various measures such as paying for part of employees' salaries, support loans and business closure grants to help the tourism companies cope with the drastic decrease in customers and revenue loss that forced many companies to close for long or short periods. The purpose of crisis management is to minimize and mitigate the damage that the crisis can cause to an organization and to the wellbeing of the employees. A lack of response from the management team can lead to mistrust in the company's capacity to mitigate the crisis, and employees can experience a decrease in focus and job productivity (Argenti, 2002). The largest problem that COVID-19 introduced was the uncertainty that came with it since no one knew, especially in the beginning, how to handle the situation, what the effects would be or how long they might last and frequently management teams had no active response to the crisis.

The year 2020 was a clear crisis situation with the COVID-19 pandemic, which negatively influenced a large part of the global economy, especially the tourism industry and the companies working in the tourism system. One of the main reasons for this impact was the fact that many if not most countries took measures to fight the pandemic that threatened the health of people around the world. One measure that many countries adopted, including Iceland, was to restrict travel between countries, sometimes even to the point of banning or drastically limiting travel. This restriction caused an enormous crisis in the tourism industry as customers all but disappeared in the scope of a few weeks and remained extremely limited throughout 2020.

The 2020 COVID-19 pandemic and crisis has affected businesses and employees alike in the hospitality industry. Massive unemployment or reduced employment has been the consequence of the combination of international travel restrictions, local governments' gathering or social distancing rules. Employees not only in Iceland but around the world were faced week to week with the prospect of unemployment or reduced hours and national governments redirected

emergency funding forward social benefits systems to individuals affected by the COVID-19 pandemic (hlutabotaleid in Iceland).

The companies and their management teams in this research did not appear to have followed a crisis management plan. Their response was delayed or failed to be conveyed. From the perspective of the employees the management teams' actions were a response to the measures and direction announced by the Icelandic government. All the interviewees mentioned that measures that affected their job status were implemented with a notice of one day, a few days or at maximum one week (in one instance). Even the employees who were not laid off experienced having their work ratio reduced to 25%, which affected their income and financial stability by losing work and shift-related incentives. All the interviewees applied for the governmental workshare program and their salary were payed 25% by the employer and 75% by the government. Crisis management planning was nonexistent from the perception of the employees. The crisis in the Icelandic tourism industry affected corporations and smaller companies equally; the size of the company does not appear to have mattered, and all the staff were later laid off as a preventive measure at the time of the interviews.

The researcher contacted the interviewees in December to follow up on the status of their employment; eight out of ten are receiving unemployment benefits, and they are not optimistic about when they will return to work. This information was gathered in follow-up conversations and was not part of the research.

## **5.2. Research Question 2 discussion**

Internal communication theory emphasizes the importance of keeping the staff well informed and announcing measures ahead of time so that the staff has the possibility to adapt (Ruck & Welch, 2012). The unprecedented crisis in the tourism industry caused by the COVID-19 pandemic advanced the idea that the response perhaps could not have been preplanned.

One of the main departments in a company tasked with handling crisis management and internal communication to employees apart from that of their direct managers is the HR department. It is important for an organization that staff planning during a crisis is performed in a meaningful manner for the employees since the company's operations and productivity depends on their work efforts. Accordingly, the internal communication within a company is important, and it should be the role of the HR department or management teams to interact frequently with employees to communicate future measures, especially if the measures affect their employment and wellbeing. It is advisable for companies to have a crisis communication plan ready in case of a serious crisis, such as the crisis organizations faced in 2020 due to the COVID-19 pandemic, since in cases such as these it is paramount that employees are given the correct information at the right time (Baum & Hai, 2020).

Internal communication is especially crucial during a crisis when employees experience increased pressure and work-related stress. Anxiety and job insecurity can increase during a crisis, so the HR department should be responsible for communicating with staff members clearly, concisely and in a timely manner (Argenti, 2002). The results from the respondents' answers revealed that they all experienced frustration, job insecurity, anxiety and an increase in work-related stress due to a lack of communication. In many instances, the employees received no answers to their questions about their future within the company, and in other cases the answer was that their question could not be answered at that specific moment and they would have to wait. The duration they would have to wait for was not specified in a clear and informative way.

Internal communication theory emphasizes that the decision-making process needs to be clear and concise to be implemented successfully in lower departments. The communication must be transmitted at the correct moment and not delayed and the information conveyed to the staff must be correct and not subject to multiple changes to prevent misinformation from being spread within the organization (Borcan & Baescu, 2014). The interviews that investigated the communication during the COVID-19 pandemic crisis concluded the opposite of what internal communication theory recommends. The decision process was not clear and the general staff and lower departments did not receive clear and concise information about who took the decisions and measures related to their employment or what would happen with the company. The right moment for internal communication in this specific crisis was one day to another with information changing on a daily basis; the staff was not informed ahead of time about what would occur. The best case was that the employees would know one week in advance that their company would close temporally and that they would have to be in partial employment, but the duration of this situation was not communicated. Crisis management and crisis communication plans can help companies to better inform the staff and minimize the spread of inaccurate and misleading information (Mirzarpour et al., 2019). During the initial stages of the crisis, due to the lack of messages from the management team, information appeared in the form of rumors or misinformation.

Traditionally, the HR department is responsible for establishing communication channels and maintaining ongoing and active communication across all departments of the organization. During a crisis, the role of the HR department adapts to the crisis (Lockwood, 2005). The interview results indicated that neither the corporation nor the other organization had an HR department and the individuals responsible for communicating with the staff were the direct managers in the case of the corporation and both the owners and the direct managers in the case of the smaller organization. If the communication with the employee involves structural or operational changes and changes to employment status or ratio, a one-on-one method is recommended. The one-on-one method allows people of company to receive answers to their questions and not feel uncertain of their status and future in the organization. The COVID-19 pandemic made this type of interaction between the management team and its subordinates almost impossible, and technology was used to communicate important messages (Baum et al., 2020). The interviewees indicated that the Facebook platform My Work was primarily used, even to convey important messages. Other forms of communication were emailing and phone calls. In some cases, one-on-one communication was mentioned, but as an exception. The technology was used mostly because all the respondents were in the previous months and the month of the interview in a partial employment of 25% and the social distancing rule meant that contact with individuals outside the household should be avoided if possible.

The interviews indicated a lack of ongoing and strategic internal communication channels. Internal communication and trust in company decisions can influence staff responses to a crisis and their capacity to absorb the shock of the crisis (Lockwood, 2005). Internal communication was based on information from the media, government sources or other national and international sources. Most of the employees' questions received the reply that the answers were unknown or could not be given at the moment and that the employees would have to wait until additional information was available. Regardless, the organizations employees proved to be flexible and understood the peculiarity of the COVID-19 pandemic in that information as well as data regarding the evolution of the crisis and the effects of the virus could change daily. The organizations and their management were put in the situation of not knowing what the next week would bring; therefore, often the shortage of internal communication or clear information was not the result of a lack of preparedness or concern for the staff members but rather a consequence of the most unpredictable and largest crisis the modern tourism industry has experienced.

## **6. Conclusion**

Research has proven that crisis management planning should be part of organization strategic management. Crises are reoccurring events that by their nature cannot always be predicted, although theory suggests that early signs of a latent crisis can sometimes be observed. Regardless, a proactive or reactive crisis management plan (Hosie, 2006; Sausmarez, 2004) can help an organization to mitigate the negative impact of the crisis on its employees and organization itself. The findings of this research indicate that no organization, corporation or company was prepared for a crisis situation and all based their decisions on the government solution. The middle managers and general employees were all affected equally without regards to their experience or tenure within the company. Without exception, a reduced work ratio was the measure applied to all respondents followed by termination of contracts. The theory recommends that the knowledge and experience of key employees should not be lost during a crisis, but the findings of this research indicate that employees with years of company experience were laid off. The COVID-19 pandemic and the crisis in the tourism industry, whether in Iceland or globally, cannot be compared with any crisis management planning theory or research. The magnitude, impact, length and time that it took to become a global crisis made it difficult for any organization to have an efficient proactive crisis management plan or a reactive crisis management plan. The implemented travel restrictions not only reduced the number of international tourists for a period, as has occurred in previous cases, but brought the tourism industry to a near halt when international tourists became nonexistent and there was no prospect of a quick recovery in the foreseeable future. Theory recommends that a crisis management team should be formed or, in case of smaller companies, that a person should coordinate the crisis response (Waller et al., 2013). The findings suggest that the companies involved in this research did not have a specialized team or dedicated person to manage and guide the employees through the crisis; this role was undertaken either by the direct manager of each employee or the owner of the company.



As theory suggests, internal communication should follow a structure or chain of command for the information to be conveyed in a concise and clear manner (Johansen et al., 2012). The findings suggest that the internal communication was in many instances missing or delayed. The employees were faced with uncertainty and did not receive answers to their questions. In most cases, the direct manager did not have a consistent message or any message, but the employees perceived that the lack of answers was due to the fact that the COVID-19 pandemic made information obsolete in matter of days. Internal communication should have a well-established platform for exchanging information (Ruck & Welch, 2012). Due to social distancing recommendations, the COVID-19 pandemic made one-on-one interactions impossible at times, and the Facebook platform My Work or emails were used to deliver information about the status of employment, changes in the company's operations or other important organizational changes. The COVID-19 pandemic made it difficult to achieve consistent, transparent and reliable information within the company. The interviews indicate that messages from upper and middle managers were a follow up to the national response to the crisis.

The crisis cause by COVID-19 pandemic cannot be compared to any crisis that affected before the tourism industry. The information around this crisis proved to be difficult to filter and in an ocean of information and sources was difficult at times to distinguish between fake news and correct information. As well the uncoordinated response in within European Union made more difficult for people to travel. No company or even corporation could not have been fully prepared financially and operational for this crisis but a better internal communication would have been possible. The employees usually look up to their managers for guidance so the lack of empathy and the fact that the employees didn't feel nurtured or that they matter made them lose trust in the company and their managers. Even they understood the lack of answers to their question the human touch when in situation of crisis created the feeling of frustration and insecurity. Furthermore in a world of hypermobility and interconnectivity, the existent information at the beginning of the year 2020 and the virus could have been taken as early sign of a future crisis by competent authority and prepare better as a national or international effort.

The COVID-19 pandemic could not have been predicted in terms of magnitude and length, and any crisis management planning would have failed in the long term. The only solution the organizations and their management teams had was to terminate contracts or reduce the work ratio; no financial unit could survive this crisis without taking drastic measures. The employees proved to be flexible and adapted to the rapid changes by understanding that the future survival and recovery depended on them as well. The employees' flexibility, acceptance and adaptability might have been affected by the fact that Icelandic government offered a safety net in the form of social benefits.

## **6.1 Future research**

Crisis management literature for the COVID-19 pandemic is just beginning, although many articles have already been published. Future research should focus on comparative studies between countries or regions and investigate how people who work in the hospitality industry were affected and what further consequences this crisis had on their livelihoods. Future research in Iceland should consider approaching the topic from the perspective of the top management or at the corporate level to investigate whether the top management or international corporations present in Iceland had any crisis management plan and whether the internal communication and wellbeing of their staff was prioritized. In addition, future academic literature could research the psychological, social and economic impact of the COVID-19 pandemic on people in the hospitality industry after the crisis has passed or the tourism industry has shown signs of recovery.

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# Appendix A

Research questions:

1. Please tell me about your work place and your job description in the company
2. When did you start feeling the effect of COVID-19 over your company and your employment? And what were this effects?
3. During the last months (or more) and up to now what messages in regards to COVID-19 pandemic you have been received from your company and the management team?
4. Do you think the messages were concise, clear, though through or part of a plan?
5. Who was responsible for communicating with the staff during COVID-19 pandemic?
6. If your hotel/restaurant is/was closed or has/had a reduce operation due to the COVID-19 pandemic can you describe in detail how this decision was taken
7. Do you think the company/organization you are working/worked for had a strategy for crisis situation?
8. You have been fired by the company can you describe in detail how this process was handled?

Or

Your hours have been reduced can you describe in detail how this process was handled?

9. In your opinion did the company measures assured you that your part of the company and your wellbeing is important?

10. In your opinion do you think the company/organization took the right measure in regards to the staff or the right measure for the company? Please explain.

11. For the last months and more can you describe what was the general atmosphere in the company/organization? (please use a time line)

12. What (and if) are the plans or measure the company/ organization announced for the future?

13. When the activity will be resumed and tourist will start to come back what will be different in the hotel/restaurant operation?

Or

The activity of your hotel/restaurant is resumed what is different in the hotel/restaurant operation?

14. Do you have anything you would like to add?

